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EXPLANATORY NOTES

FOR

DEPARTMENT OF AGRICULTURE

BUDGET ESTIMATES

FISCAL YEAR

1943

CONTENTS

UNITED STATES
DEPARTMENT OF AGRICULTURE
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GPO 8—7671

LOANS, GRANTS, AND RURAL REHABILITATION

Appropriated funds:	
Appropriation Act, 1942 (direct appropriation)	$64,000,000
1941 unobligated balance reappropriated for 1942	6,500,000
1942 funds estimated for reappropriation for 1943	-5,000,000
Net available, 1942	65,500,000
Budget estimate, 1943:	
Direct appropriation	50,319,557
1942 funds estimated for reappropriation for 1943	5,000,000
Total Budget estimate, 1943	55,319,557
Change from 1942:	
Net reduction in working funds	-10,500,000
Additional for within-grade promotions	+319,557
Net decrease in appropriated funds	-10,180,443
Limitation on borrowings from R.F.C. for loans:	
Authorized, 1942	120,000,000
Estimated, 1943	75,000,000
Decrease	-45,000,000
Total funds available:	
1942	185,500,000
Estimate, 1943	130,319,557
Decrease, 1943	-55,180,443

PROJECT STATEMENT

Projects	1941 (actual)	1942 (estimated)	1943 (estimated)	Increase or decrease
1. Rural rehabilitation loans	$124,219,670	$118,150,000	$ 73,580,000	$-44,570,000(1)
2. Rural rehabilitation grants	17,114,144	17,745,939	9,850,000	-7,895,939(2)
3. Rural rehabilitation services:				
(a) Farm and home management assistance	14,719,438	18,565,600	18,565,600	- -
(b) Investigation of applications, and making collecting, and servicing loans and grants	9,546,486	12,434,400	12,434,400	- -
4. Farm debt adjustment	1,777,000	2,400,000	1,776,725	-623,275(3)
5. Rural rehabilitation projects, including technical services:				
(a) Improvements to existing projects	335,180	350,000	275,000	-75,000(4)
(b) Special and work relief projects	168,915	250,000	75,000	-175,000(4)
6. Migratory labor camps:				
(a) Operations, maintenance and management	1,396,193	1,907,000	2,766,565	+859,565(5)
(b) Development and construction	3,191,648	3,093,000	733,435	-2,359,565(5)
7. Water utilization projects including technical services:				
(a) Loans	780,330	1,850,000	1,420,000	-430,000(6)
(b) Grants	136,671	180,000	150,000	-30,000(6)
(c) Expenses	540,958	480,000	240,000	-240,000(6)
8. Administration	6,596,620	7,159,500	7,150,000	-9,500(7)
9. Net cost of within-grade promotions	- -	- -	319,557	+319,557
Total	180,523,253	184,565,439	129,336,282	-55,229,157
Transfers as shown in budget schedules	1,050,641	934,561	983,275	+48,714(8)
Net appropriation, reappropriation, and loan authorization	181,573,894	185,500,000	130,319,557	-55,180,443
1940 unobligated balance reappropriated, 1941	-4,081,810	- -	- -	- -
1941 unobligated balance reappropriated, 1942	+6,500,000	-6,500,000	- -	- -
1942 funds reserved for reappropriation for 1943	- -	+5,000,000	-5,000,000	
Total appropriation, and loan authorization	183,992,084	184,000,000	125,319,557	

DECREASES

The decrease in total funds of $55,180,443 for this item is composed of a decrease of $45,000,000 in the authorization to borrow funds from the Reconstruction Finance Corporation and a decrease of $10,180,443 in appropriated funds after taking into consideration the reappropriation for fiscal year 1943 of $5,000,000 from the 1942 appropriation, as follows:

(1) A decrease of $44,570,000 for rural rehabilitation loans for the fiscal year 1943. This decrease, together with a reduction of $430,000 included under Project 7, (water utilization) constitutes the reduction of $45,000,000 provided by the estimates in the authorization to the Secretary of Agriculture to borrow funds from the Reconstruction Finance Corporation for rural rehabilitation loans.

By the close of the fiscal year 1942 it is estimated that roughly 823,000 low-income farm families, or about 29% of the approximately 2,900,000 low-income farm families falling in this group, will have received assistance from the Farm Security Administration.

During the fiscal year 1942, it is estimated that the funds available will permit the making of approximately 85,000 initial loans, and the making of supplemental loans to approximately 246,775 borrowers accepted prior to July 1, 1941. The total amount estimated for 1943 will permit the making of approximately 15,000 initial loans, and the making of supplemental loans to approximately 210,000 borrowers accepted prior to June 30, 1942.

The Government takes a chattel mortgage on all goods purchased with a rehabilitation loan, and on any other possessions the borrower may have. As an additional protection for its investment, FSA provides technical advice and guidance in sound farming methods to every borrower, to make sure that every penny of the money is used to the best advantage. Each loan is based on a farm and home management plan, carefully worked out by the borrowing family and the FSA county supervisor. Such a plan is the best possible guarantee that the family will become permanently self-supporting, and that the Government's investment will be repaid.

Since this program was started six years ago, the Farm Security Administration has loaned more than $560,000,000 to 738,000 needy farm families--many of whom were once on relief. Judged by normal standards, these families were the worst possible credit risks, since none of them could obtain adequate credit from any other source. Already, however, they have repaid more than $200,000,000, although much of the money will not be due for several years. It is estimated that approximately 80 percent of the funds loaned eventually will be repaid with interest. The losses are largely concentrated in areas of the great plains which have suffered several years of severe drought.

Rehabilitation differs fundamentally from all other types of aid, because its whole purpose is to help needy families escape the relief rolls and become self-supporting. It has proved eminently successful in achieving this goal. As of June 30, 1941, approximately 122,000 families had paid off their loans in full and "graduated" into a self-supporting status.

The families presently on this program, totaling approximately 700,000 have made surprising gains in their net worth, standards of living, and capacity for self-support. At the end of the 1940 crop year, a survey was made to determine the status and progress of active standard borrowers. This survey revealed that these families had increased their average net income from $480, in the year before they came to the Farm Security Administration for help, to $640 during the 1940 crop year. This was an increase of 35 percent, or a total of over $75,000,000. In addition, these same families had increased their net worth, over and above all debts, by 21 percent, or a total of nearly $80,000,000. At the same time, these borrowers had greatly increased their production of food for home consumption. This increased production does not mean competition with other agricultural areas, because virtually all of the additional foodstuffs was consumed on the farm which produced them. It does mean better diet and better health for the needy and handicapped families which are taking part in this program. The data on the status and progress of active standard borrowers is shown in Table II.

(2) A decrease of $7,895,939 is estimated for rural rehabilitation grants for the fiscal year 1943. The direct appropriation for the fiscal year 1942 provided $18,745,939 for this purpose. This amount was increased by $4,000,000 through the reappropriation of unobligated balances from the fiscal year 1941, and decreased by $5,000,000 reserved for reappropriation for the fiscal year 1943, as a result of which a total of $17,745,939 is available for this purpose during the fiscal year 1942 as compared with the estimate of $9,850,000 for the fiscal year 1943.

Continuous effort is being made to reduce the number of farm families requiring direct relief. Past experience, however, has shown that major catastrophes occur in rural areas in some parts of the country regularly which require administration of direct relief to rural victims. It is not possible to predict the nature, extent, or location of such catastrophes, or the amount required to furnish such relief. At the present time, conditions throughout the country appear to be good and indicate a possibility of a lesser need for direct relief in the form of grants during the fiscal year 1943. The estimate for the fiscal year 1943 will permit the rendering of direct relief to a limited and reduced number of farm families, but will not provide for unpredicted major catastrophes, such as major droughts, floods, or crop failures in the event they occur.

It is contemplated that, during the fiscal year 1943, medical care and health aid through the making of grants to needy farm families will continue. It is also contemplated to continue, insofar as funds will permit, to assist in the rehabilitation of the very low income group of needy farm families, through the making of grants to balance farm and home plans, in those cases, where, through this assistance, a farm family may be expected to obtain self-sufficiency within five years. A portion of the funds available during the fiscal year 1942 is expected to be used for the making of grants to needy farm families who are being required to vacate lands being acquired by the Government for defense purposes. It is not known at this time, nor can it be estimated, whether grants for this purpose will be required during the fiscal year 1943.

(3) A decrease of $623,275 for farm debt adjustment for the fiscal year 1943. This decrease will be effected by curtailing this service to low-income farm families by a reduction of approximately 25 percent in the personnel now employed in rendering this service.

(4) A decrease of $250,000 is estimated for rural rehabilitation projects, including technical services, for the fiscal year 1943, including:

(a) A decrease of $75,000 will be effected by deferring improvements to existing projects for the duration of the war.

(b) A decrease of $175,000 in special and work relief projects. Special and work relief projects have been and are being operated to provide work in the form of useful land development and minor construction work projects. The work, although not essential, is hightly desirable and will contribute to the future earning ability of the occupants and will permit them to enjoy additional facilities and accomodations. During the fiscal year 1943, it is believed that such projects will not be required to the same extent as in previous years in view of the expected continued increase in employment due to the war efforts.

(5) A net decrease of $1,500,000 for migratory labor camps for the fiscal year 1943, including:

(a) An increase of $859,565 for the operation, maintenance, and management of additional migratory labor camps. During the fiscal year 1942, 36 mobile and 3 standard migratory labor camps are being constructed. This will result in an increase of over 50 percent in the number of migratory labor camps and facilities which will be operated, maintained, and managed during the fiscal year 1943, as compared with those available during the fiscal year 1942. This increase is to provide for the employment of personnel and for all incidental expenses in connection with this increased number of camps which will be available and must be operated, maintained, and managed during the fiscal year 1943.

(b) A decrease of $2,359,565 for the development and construction of migratory labor camps for the fiscal year 1943 will be effected by deferring the construction and development of new camps in 1943. The amount provided for this purpose will permit the completion of projects presently being constructed and a limited amount of additions and betterments to present projects.

(6) A decrease of $700,000 for Water Utilization for the fiscal year 1943. $430,000 of this decrease is a part of the reduction in the authorization to the Secretary of Agriculture to borrow funds from the Reconstruction Finance Corporation for loans, and the balance of the decrease ($270,000) is due to a proportionate reduction in grants and expenses incidental to those loans.

(7) A decrease of $9,500 for administration for the fiscal year 1943. This decrease will be absorbed through savings to be effected in the administration of the program.

(8) The increase of $48,714 for transfers consists of an increase of $127,533 for transfers to the Treasury Department, pursuant to a new provisions in the estimates of the Treasury Department for 1943, and a net reduction of $78,819 in transfers within the Department of Agriculture,--as shown in the Budget schedules on page 553 of the Committee Print.

CHANGE IN LANGUAGE

The estimates include proposed changes in the language of this item as follows:

The first change eliminates a reference to the Emergency Relief Appropriation Act, fiscal year 1941, which is no longer applicable, and in lieu thereof inserts an appropriate reference to the appropriation "Loans, Grants, and Rural Rehabilitation."

The second change eliminates the wording "Hereafter rural rehabilitation loans shall be subject to the conditions and penalties prescribed by sections 3 and 6 of the Act of January 29, 1937 (50 Stat. 5), except that the functions conferred upon the Governor of the Farm Credit Administration by said sections are hereby conferred, for the purposes hereof, upon the Secretary of Agriculture." This proposed change is for the purpose of eliminating language which no longer needs to be continued as a part of the appropriation language, since by its own wording the provision having once been enacted as law is from that time on applicable to rural rehabilitation loans.

The third change deletes the words "until June 30, 1942." This proposed change eliminates superfluous words, the retention of which will require the change each year of the date involved.

The fourth change provides for the insertion of the wording "The Secretary of Agriculture is authorized to prescribe such rules and regulations as may be necessary to carry out the purposes for which the appropriations and the advances which shall be obtained from the Reconstruction Finance Corporation hereunder are made." This proposed change incorporates under this appropriation a provision similar to that contained in the various Emergency Relief Appropriation Acts whereby the Secretary of Agriculture was authorized to make such rules and regulations as required in connection with this appropriation.

The fifth change eliminates the wording "No part of the appropriations contained in the Department of Agriculture Appropriation Act, 1942, under the heading 'Loans, Grants, and Rural Rehabilitation,' shall be available to pay the compensation of any person appointed in accordance with the civil service laws." This proposed change eliminates the restrictive provision which was added to this appropriation by an amendment to the Second Deficiency Appropriation Act, 1941, and would not in itself result in any increased salary payments. The present language prevents the application of the Ramspeck Act to over 18,000 employees of this Department and denies them the privilege of obtaining civil service status under that Act. The work done under this appropriation is integrated with work done under a number of other appropriations under which the employees being paid therefrom are eligible under the Ramspeck Act to obtain a civil service status. Employees being paid from these two sets of funds work side by side and often do the same work.

The operation of this language seriously interferes with the Government's generally established "promotion from within" policy. It prevents the transfer or promotion of a qualified person from "Loans, Grants, and Rural Rehabilitation," to a position paid from a "civil service" appropriation, even within the same agency except that, pursuant to Executive Order 8939, dated November 13, 1941, a person may be transferred or promoted to a position within the Farm Security Administration paid from a "civil service" appropriation if he held a permanent, indefinite, or emergency appointment on June 30, 1941, under "Loans, Grants, and Rural Rehabilitation," and may acquire civil service status if the transfer were made prior to January 1, 1942. However, under present authority, a person appointed after June 30, 1941, cannot be so transferred or promoted, and a person eligible for transfer to a "civil service" appropriation but actually transferred after January 1, 1942, cannot acquire civil service status. Moreover, a person with civil service status transferring to "Loans, Grants, and Rural Rehabilitation," loses certain rights enjoyed by persons occupying regular civil service positions.

The recommended deletion of this language will eliminate this inequity, permit the effective resumption of the "promotion from within" policy, relieve many administrative difficulties occasioned by the present language, and will be in accordance with the desires of the President, expressed as follows when the Second Deficiency Act was signed:

> "It is my honest hope that Congress will take prompt action to repeal this rider so it will make it possible to extend civil service after appropriate examination to employees of the Farm Security Administration at the earliest possible opportunity. The Second Deficiency Appropriation Act contains a provision to which I am unalterably opposed."

WORK UNDER THIS APPROPRIATION

General. The purpose of this appropriation is to make loans to farm owners, farm tenants, farm laborers, sharecroppers, and others who obtain, or who recently obtained, the major portion of their income from farming operations, and who cannot obtain adequate credit on reasonable terms from any lending institution; to help such eligible families to become productive and self-supporting farmers through the acquisition of necessary livestock, supplies and equipment, and through the meeting of other farm needs (including improvements and repairs to real property)--with particular emphasis at present upon improving in the capacity of these families to produce food and feed for war purposes, for the refinancing of chattel mortgage indebtedness, and for family subsistence; to provide direct relief for subsistence purposes and adequate medical care to eligible families in rural areas; to assist in the voluntary adjustment of indebtedness between farmers and their creditors; to develop good agricultural land previously acquired by the United States into economic farm units for lease or sale to eligible farm families; to develop and maintain camps for the relief of migrant agricultural workers, and for the rationalization of the farm labor supply in areas of intense food production; to provide for a water facilities program for water conservation, dams, reservoirs, pipe lines, well digging and drilling

and other facilities for water storage or utilization in furtherance of the rehabilitation of needy persons; to furnish technical services and guidance in sound farm and home management practices; and to provide personnel and facilities for the administration of these activities in the District of Columbia and elsewhere.

Relation to the Nation's War Effort: The farmers of this Nation have been called upon to produce a greater abundance of healthful food to feed America's armed forces, to increase the supply of food available to workers in great industrial plants, and to meet the demands for food from the warring democracies everywhere. But today, in all parts of the country, there are thousands of farmers and farm laborers who are unable, without help, to make a contribution to the Nation's war effort. They are the low-income, disadvantaged farmers--the farmers with small farms, poor tools, and inadequate equipment.

The 1940 Census shows that nearly half of the farms of the Nation produced farm products for sale, trade and home use of a value less than $600. In other words, nearly half of this Nation's farmers were definitely small producers, farmers with scanty resources, many of them with inadequate training as well as inadequate land and capital. These are the farmers who are unable to make their contribution to the defense of America. They produce a very small part of the Nation's total food and feed production. As a matter of fact, the 1940 Census also indicates that the total value of the farm products sold, traded, or consumed at home by the least productive half of the farmers of the United States amounts to only about one-tenth of the total value of our farm products. The other half of the farmers, the commercial producers, and the large-scale operators account for about 90 percent of the total value of all products.

These facts are tremendously significant in today's emergency. America needs the loyal help and contribution of every citizen. On the farm that means more vegetables, fruits, livestock and poultry and their products. But without help of a definite and concrete sort, a large portion of our farmers cannot, through no fault of their own, do the job that their Nation expects of them. Moreover, these disadvantaged farm people feel a particular isolation from the war effort because they have seen no way in which they can help. Both economically and psychologically, immediate and extensive efforts are justified for helping a large group of loyal farm people to do their bit by producing Food for Freedom. Also, it must be recognized that internal economic security is a necessary corollary to to a successful all-out war effort.

In recognition of these facts, the Farm Security Administration is making concerted efforts toward national security and the production of foodstuffs by reestablishing hundreds of thousands of farm families which once had little or nothing; giving them security, confidence, and new faith in our country; and encouraging and assisting low-income farm families in an all-out effort to produce food at an every increasing rate.

No single element is more vital to the successful prosecution of our war effort than man-power, and here again FSA makes an important contribution

by building healthy citizens who will be physically fit to defend their country. Through its medical program, through live-at-home practices and improved diet, and in general by raising the standards of living of the bottom third of our farm population, the FSA is helping to make strong, healthy Americans out of thousands of people who once could not have passed the army physical examination.

Similar objectives are achieved for the non-operator farmers who work for hire. In addition, the camp program is being reoriented through an extension of the mobile facilities in order that these workers may flexibly adapt their services to the rapidly changing pattern of farmer needs for seasonal labor. Emphasis is placed especially on those areas where an otherwise critical labor situation might jeopardize food production goals.

Tables containing statistical information about the program and statements of the various activities conducted follow:

Table I. - Number and status of farm operators and farm families eligible for rehabilitation assistance

State (1)	Number of farm operators (2)	Number of farm families with a gross annual income of less than $600 (3)	Number of farm families known by Farm Security Administration supervisors to be eligible and in need of rehabilitation assistance, who are not on any Farm Security Administration program as of January 1, 1941 (4)
Alabama	231,746	175,900	28,605
Arizona	18,468	10,920	1,389
Arkansas	216,674	134,770	33,650
California	132,658	41,260	5,165
Colorado	51,436	18,980	4,552
Connecticut	21,163	9,970	575
Delaware	8,994	3,400	500
Florida	62,248	38,100	6,798
Georgia	216,033	124,440	25,585
Idaho	43,663	12,230	6,033
Illinois	213,439	60,620	14,146
Indiana	184,549	73,450	17,268
Iowa	213,318	30,080	12,352
Kansas	156,327	55,180	10,300
Kentucky	252,894	168,680	43,706
Louisiana	150,007	100,810	30,911
Maine	38,980	20,230	2,140
Maryland	42,110	17,470	2,990
Massachusetts	31,897	14,430	605
Michigan	187,589	77,100	13,925
Minnesota	197,351	45,590	10,867
Mississippi	291,092	211,910	35,432
Missouri	256,100	125,230	36,348
Montana	41,823	12,965	2,729
Nebraska	121,062	34,260	7,806
Nevada	3,573	1,250	97
New Hampshire	16,554	8,410	1,040
New Jersey	25,835	7,700	1,288
New Mexico	34,105	20,940	2,470
New York	153,238	50,880	9,606
North Carolina	278,276	119,660	34,690
North Dakota	73,962	17,900	9,739
Ohio	233,783	95,620	35,532
Oklahoma	179,687	93,880	20,045
Oregon	61,829	28,320	5,124
Pennsylvania	169,027	74,200	16,081
Rhode Island	3,014	1,080	245
South Carolina	137,558	74,560	15,036
South Dakota	72,454	20,580	7,018
Tennessee	247,617	164,660	40,329

Table I. - Number and status of farm operators and farm families eligible for rehabilitation assistance (Continued)

State (1)	Number of farm operators (2)	Number of farm families with a gross annual income of less than $600 (3)	Number of farm families known by Farm Security Administration supervisors to be eligible and in need of rehabilitation assistance, who are not on any Farm Security Administration program as of January 1, 1941 (4)
Texas	418,002	212,760	31,237
Utah	25,411	9,280	1,966
Vermont	23,582	8,320	1,875
Virginia	174,885	105,460	19,818
Washington	81,686	40,440	4,187
West Virginia	99,282	76,250	14,190
Wisconsin	186,735	40,890	14,302
Wyoming	15,018	4,100	1,820
UNITED STATES TOTAL	6,096,734	2,895,135	642,112

Table II - Data on the Status and Progress of Active Standard Borrowers

Region and State	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Average net income			Average net worth			Total increase in net worth all act. st. bor.	Total increase in net income all act. st. bor.	Average value of home produced goods		Gals. milk per family 1940	Lbs. meat per family 1940	Qts. canned per family 1940	Number of families known to be eligible and in need rehab. assistance who are not on FSA program
	1940	Before acceptance	Rate of increase	Before acceptance	1940	Rate of increase			1940	Year before acceptance				
	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Dollars	Dollars	Number	Number	Number	Number
United States	650	480	35	871	1,051	21	79,702,251	75,289,838	264	163	391	391	266	642,112
Region I	967	844	15	1,682	1,594	-5	-1,446,715	2,013,118	322	237	352	323	217	36,945
Conn.	1,714	1,317	30	2,913	3,048	5	45,329	132,844	410	253	387	316	216	575
Del.	893	484	84	780	787	1	1,206	73,184	440	209	378	478	322	500
Maine	713	797	-11	1,929	1,313	-32	-2,010,773	-274,363	369	279	368	345	170	2,140
Md.	920	749	23	1,168	1,215	4	49,948	186,258	348	261	346	381	262	2,990
Mass.	1,319	1,072	23	1,626	1,448	-11	-107,412	148,869	298	203	346	257	159	605
N. H.	1,154	950	21	1,692	1,954	16	253,625	197,278	357	228	361	215	166	1,040
N. J.	974	753	29	1,722	1,236	-28	-516,355	234,936	256	185	224	217	183	1,288
N. Y.	920	792	16	1,732	1,619	-7	-439,807	497,613	288	218	373	290	209	9,606
Pa.	960	822	17	1,452	1,747	20	1,100,961	513,156	292	226	340	391	296	16,081
R. I.	1,485	1,300	14	1,842	1,611	-13	-47,435	37,835	273	184	200	155	116	245
Vt.	1,271	993	28	1,752	2,031	16	278,313	277,884	385	277	402	334	208	1,875
Region II	820	605	36	1,117	1,627	46	14,897,369	6,290,897	207	127	336	360	246	39,094
Mich.	808	690	17	1,403	1,918	37	4,646,424	1,065,803	208	136	303	306	233	13,925
Minn.	823	549	50	883	1,494	67	6,551,174	2,937,876	204	119	355	409	234	10,867
Wisc.	828	595	39	1,137	1,520	34	3,635,747	2,215,918	208	130	342	352	273	14,302
Region III	731	578	26	849	1,158	36	18,615,174	9,203,413	215	142	396	409	295	115,646
Ill.	797	655	22	772	1,129	46	3,016,500	1,205,113	205	141	394	420	241	14,146
Ind.	743	683	9	975	1,174	20	1,914,317	586,462	192	152	356	393	261	17,268
Iowa	826	609	36	944	1,482	57	5,429,899	2,187,990	205	140	397	422	317	12,352
Mo.	625	436	43	642	930	45	5,894,354	3,866,134	243	134	438	417	341	36,348
Ohio	784	672	17	1,112	1,303	17	2,209,868	1,284,963	199	150	352	385	254	35,532

Region and State	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Average net income			Average net worth			Total increase in net worth all act. st. bor.	Total increase in net income all act. st. bor.	Average value of home produced goods		Gals. milk per family	Lbs. meat per family	Qts. canned per family	Number of families known to be eligible and in need of rehab. assistance who are not on any FSA program
	1940	Before acceptance	Rate of increase	Before acceptance	1940	Rate of increase			1940	Year before acceptance	1940	1940	1940	
	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Dollars	Dollars	Number	Number	Number	Number
Region IV	768	596	29	1,211	1,479	22	15,025,110	9,625,452	371	285	458	441	307	152,733
Ky.	787	612	29	1,360	1,799	32	6,009,069	2,393,946	371	291	480	462	317	43,706
N. C.	778	602	29	848	1,065	26	3,246,461	2,634,297	425	309	436	422	248	34,690
Tenn.	710	528	34	1,105	1,440	30	3,238,287	1,758,851	333	245	489	459	298	40,329
Va.	705	538	31	1,153	1,358	18	1,947,018	1,583,232	329	247	434	442	305	19,818
W. Va.	845	689	23	1,715	1,829	7	949,287	1,305,061	371	315	458	422	390	14,190
Region V	394	276	43	498	487	-2	-959,453	10,852,313	241	125	352	417	218	76,024
Ala.	249	219	14	393	294	-25	-3,356,341	1,002,004	202	106	345	409	223	28,605
Fla.	476	378	26	1,122	984	-12	-1,880,467	1,327,029	199	123	284	346	209	6,798
Ga.	443	272	63	335	439	31	3,096,911	5,110,723	276	144	389	444	218	25,585
S. C.	537	314	71	467	549	18	1,226,824	3,327,017	295	131	361	447	215	15,036
Region VI	500	343	46	451	593	31	8,925,652	9,889,924	290	160	423	355	312	99,993
Ark.	596	349	71	407	610	50	4,870,061	5,913,235	313	147	430	366	425	33,650
La.	465	356	31	526	645	23	1,948,307	1,776,104	274	166	351	302	204	30,911
Miss.	428	328	31	443	539	22	2,157,484	2,266,555	279	169	466	381	272	35,432
Region VII	680	405	68	461	531	15	2,348,700	9,305,064	238	144	383	390	183	34,049
Kan.	605	430	41	538	537	1/	-10,073	1,671,483	247	147	387	369	240	9,486
Nebr.	593	387	54	513	513	1/	-443	2,292,917	190	121	372	393	197	7,806
N. Dak.	939	428	119	543	535	-1	-37,588	2,374,055	341	210	385	447	171	9,739
S. Dak.	707	387	83	279	543	95	2,244,974	2,721,288	225	131	390	375	118	7,018
Region VIII	669	469	43	929	1,201	29	12,621,294	9,295,400	300	170	417	394	312	47,653
Okla.	692	480	44	764	1,054	38	5,939,131	4,349,368	308	173	414	399	332	19,844
Tex.	648	459	41	1,071	1,327	24	6,648,749	4,923,074	294	168	420	389	295	27,809

Region and State	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Average net income			Average net worth			Total increase in net worth all act. st. bor.	Total increase in net income all act. st. bor.	Average value of home produced goods		Gals. milk per family	Lbs. meat per family	Qts. canned per family	Number of families known to be eligible and in need of rehab. assistance who are not on an FSA program
	1940	Before acceptance	Rate of increase	Before acceptance	1940	Rate of increase			1940	Year before acceptance	1940	1940	1940	
	Dollars	Dollars	Percent	Dollars	Dollars	Percent	Dollars	Dollars	Dollars	Dollars	Number	Number	Number	Number
Region IX	1,102	953	16	2,619	3,034	16	5,121,946	1,845,449	216	161	362	279	248	8,617
Ariz.	1,162	1,086	7	2,880	3,292	14	646,746	120,513	253	210	447	250	159	1,389
Calif.	1,100	974	13	2,669	2,717	2	259,178	683,534	176	129	296	196	178	5,165
Nev.	1,156	985	17	3,131	3,858	23	343,470	80,448	223	139	414	285	178	97
Utah	1,084	898	21	2,464	3,160	28	3,385,669	906,512	239	178	392	355	336	1,966
Region X	978	741	32	1,568	1,608	2	414,443	2,513,173	238	156	368	376	241	6,855
Colo.	622	605	3	1,097	707	-36	-1,659,421	72,752	178	122	354	343	237	2,306
Mont.	1,204	788	53	1,981	2,023	2	122,731	1,198,784	324	205	371	403	248	2,729
Wyo.	1,175	844	39	1,751	2,216	27	1,611,635	1,148,686	239	156	380	390	240	1,820
Region XI	1,038	863	20	2,354	2,788	18	4,926,267	1,986,696	240	165	362	340	335	15,344
Idaho	1,054	898	17	2,292	2,896	26	2,777,278	719,293	251	156	381	369	346	6,033
Ore.	1,117	942	19	2,473	3,187	29	2,233,812	548,332	222	171	370	326	331	5,124
Wash.	940	738	27	2,326	2,253	-3	-262,086	728,044	242	171	326	312	323	4,187
Region XII	726	448	62	994	990	1/	-44,722	3,137,190	254	152	423	367	220	9,159
Colo.	634	500	27	680	998	47	491,798	207,102	216	140	487	402	201	2,246
Kans.	686	359	91	909	477	-48	-750,907	567,568	266	178	375	422	206	814
N. Mex.	706	415	70	1,146	1,179	3	127,275	1,123,180	231	149	402	315	237	2,470
Okla.	668	221	202	1,002	687	-31	-144,974	205,606	191	119	433	335	170	201
Tex.	826	553	49	1,010	1,124	11	418,726	1,001,938	302	152	446	382	227	3,428

1/ Less than - .5 percent

Source: Based on County Supervisors' 1940 Report of Family Progress of Active Standard Borrowers.

Table III. - Rural Rehabilitation Loan, and Grant Cases, by States, from inception of program to June 30, 1941

State and Territory (1)	Number of families receiving loans (2)	Number of grant-only cases (3)	Total number of loan and grant-only cases (4)
U. S. TOTAL	738,143	666,524	1,404,667
Alabama	42,050	44,691	86,741
Arizona	1,990	12,020	14,010
Arkansas	41,496	45,551	87,047
California	7,060	38,802	45,862
Colorado	12,389	7,869	20,258
Connecticut	437	56	493
Delaware	229	25	254
Florida	13,274	20,497	33,771
Georgia	34,596	20,662	55,258
Idaho	6,818	4,598	11,416
Illinois	15,905	10,971	26,876
Indiana	12,751	1,455	14,206
Iowa	15,906	5,982	21,888
Kansas	19,021	18,710	37,731
Kentucky	26,349	20,309	46,658
Louisiana	23,505	8,835	32,340
Maine	3,452	358	3,810
Maryland	1,439	237	1,676
Massachusetts	802	162	964
Michigan	11,882	3,673	15,555
Minnesota	17,680	17,353	35,033
Mississippi	37,942	44,507	82,449
Missouri	34,336	62,788	97,124
Montana	7,617	17,076	24,693
Nebraska	17,593	16,983	34,576
Nevada	600	51	651
New Hampshire	1,320	61	1,381
New Jersey	1,133	209	1,342
New Mexico	6,992	7,558	14,550
New York	5,957	707	6,664
North Carolina	21,760	4,821	26,581
North Dakota	36,866	35,289	72,155
Ohio	17,961	6,640	24,601
Oklahoma	36,366	51,478	87,844
Oregon	5,420	5,104	10,524
Pennsylvania	5,094	660	5,754
Rhode Island	230	94	324
South Carolina	16,405	10,118	26,523
South Dakota	36,158	33,685	69,843
Tennessee	15,726	2,267	17,993
Texas	62,881	24,219	87,100
Utah	6,279	2,378	8,657
Vermont	1,280	174	1,454

Table III. - Rural Rehabilitation Loan, and Grant Cases, by States, from inception of program to June 30, 1941 (Continued)

State and Territory (1)	Number of families receiving loans (2)	Number of grant-only cases (3)	Total number of loan and grant-only cases (4)
Virginia	12,460	387	12,847
Washington	5,522	9,301	14,823
West Virginia	9,239	2,465	11,704
Wisconsin	20,234	41,234	61,468
Wyoming	5,132	3,109	8,241
Hawaii	204	1	205
Puerto Rico	0	0	0
Virgin Islands	405	344	749

Table IV. - Rural Rehabilitation Loans by States and by Fiscal Year

State and Territory (1)	1936 (2)	1937 (3)	1938 (4)	1939 (5)	1940 (6)	1941 (7)	Cumulative as of June 30, 1941 (8)
U. S. TOTAL	$76,964,940	$74,501,314	$70,194,682	$119,186,607	$98,053,943	$125,150,358	$564,051,844
Alabama	2,258,369	3,520,677	2,766,184	7,768,457	4,490,875	8,956,970	29,761,532
Arizona	111,565	691,068	350,334	459,119	398,246	514,587	2,524,919
Arkansas	2,766,263	3,177,474	3,063,810	7,051,651	5,752,519	5,963,446	27,775,163
California	2,080,412	1,764,539	1,387,135	1,756,351	1,259,608	2,085,085	10,333,130
Colorado	3,032,525	2,047,721	2,817,026	3,592,015	2,734,853	2,343,625	16,567,765
Connecticut	107,156	122,031	71,652	187,432	147,526	119,239	755,036
Delaware	23,534	12,437	11,688	25,350	76,678	54,351	204,038
Florida	1,060,185	1,418,585	1,359,046	1,776,133	935,161	1,325,005	7,874,115
Georgia	2,390,191	2,971,062	2,192,397	6,601,641	3,902,491	7,154,971	25,212,753
Idaho	881,726	1,188,983	1,253,187	2,318,105	2,272,408	2,240,705	10,155,114
Illinois	1,602,116	1,534,703	1,461,028	2,729,764	1,979,773	3,020,698	12,328,082
Indiana	1,182,278	1,115,514	1,563,967	2,380,844	1,658,143	2,940,786	10,841,532
Iowa	1,089,561	1,826,760	1,726,593	3,132,017	1,870,182	2,605,833	12,250,946
Kansas	3,679,230	2,398,707	2,509,070	3,232,766	2,832,385	3,714,731	18,366,889
Kentucky	1,227,130	906,214	742,689	1,063,347	1,978,999	2,119,982	8,038,361
Louisiana	2,173,667	2,045,072	2,667,467	3,759,446	2,545,055	5,706,993	18,897,700
Maine	849,712	1,355,833	1,167,719	1,727,596	2,164,154	1,442,808	8,707,822
Maryland	110,992	91,442	130,223	241,234	403,196	308,913	1,286,000
Massachusetts	188,396	170,016	77,831	203,589	188,901	150,926	979,659
Michigan	1,875,237	771,459	974,409	1,838,335	2,094,083	2,491,926	10,045,449
Minnesota	2,674,780	1,910,362	1,480,924	2,362,548	2,553,069	3,457,359	14,439,042
Mississippi	3,025,685	2,221,569	3,677,362	5,797,264	4,758,240	8,299,669	27,779,789
Missouri	2,137,109	3,246,661	3,335,905	4,665,795	3,454,763	5,975,000	22,815,233
Montana	1,154,696	1,677,247	2,265,488	4,485,730	2,559,175	1,867,090	14,009,426
Nebraska	3,200,747	2,607,510	2,796,117	3,711,893	2,615,063	2,524,443	17,455,773
Nevada	223,922	118,010	131,321	164,332	89,781	180,906	908,272
New Hampshire	332,397	264,197	182,540	273,685	324,320	214,445	1,591,584
New Jersey	411,177	375,322	258,376	273,071	432,032	258,790	2,008,768
New Mexico	1,643,835	745,574	494,461	519,462	562,359	883,988	4,849,679
New York	769,173	1,062,733	783,347	1,332,817	2,051,261	1,650,012	7,649,343
North Carolina	1,827,643	2,123,519	2,162,898	3,049,719	2,897,600	3,855,351	15,916,730
North Dakota	1,976,654	2,146,103	1,606,922	3,034,339	1,921,119	1,665,027	12,650,164

Table IV. - Rural Rehabilitation Loans by States and by Fiscal Year (Continued)

State and Territory (1)	1936 (2)	1937 (3)	1938 (4)	1939 (5)	1490 (6)	1941 (7)	Cumulative as of June 30, 1941 (8)
Ohio	$1,544,186	$1,114,380	$1,712,409	$2,752,644	$1,580,790	$2,667,321	$11,371,730
Oklahoma	2,958,201	3,375,514	2,829,411	4,865,813	5,632,937	6,718,292	26,380,168
Oregon	561,861	896,025	1,219,689	1,467,916	1,124,863	1,209,162	6,479,516
Pennsylvania	723,238	863,055	354,965	786,270	1,437,180	1,086,442	5,251,150
Rhode Island	57,602	73,522	28,477	33,176	48,291	23,397	264,465
South Carolina	1,775,474	2,236,959	1,600,637	3,180,372	1,226,141	3,439,451	13,459,034
South Dakota	2,279,116	3,448,930	2,675,144	3,798,939	3,146,675	3,075,847	18,424,651
Tennessee	1,515,832	729,087	660,562	1,272,047	1,551,857	1,541,968	7,271,353
Texas	8,242,456	5,829,586	4,959,632	8,423,426	8,501,257	9,362,375	45,318,732
Utah	1,533,934	1,166,732	1,057,107	1,179,047	871,208	929,742	6,737,770
Vermont	320,689	278,915	96,135	245,334	393,131	229,107	1,563,311
Virginia	1,526,782	687,789	608,822	808,835	1,332,830	1,490,881	6,455,939
Washington	1,021,098	1,425,564	1,502,851	1,806,205	1,422,775	1,590,983	8,769,476
West Virginia	1,604,788	1,549,090	587,937	1,467,412	1,164,780	886,818	7,260,825
Wisconsin	2,248,143	1,821,306	1,286,507	2,387,718	2,043,375	2,525,362	12,312,411
Wyoming	983,477	1,075,756	1,544,181	3,141,118	2,262,271	1,940,949	10,947,752
Alaska	0	0	0	0	300,000	0	300,000
District of Columbia	0	0	0	6,674	14,947	83,085	104,706
Hawaii	0	0	1,100	32,240	39,270	108,922	181,532
Puerto Rico	0	0	0	0	21,790	136,224	158,014
Virgin Islands	0	0	0	15,574	33,557	10,370	59,501

Table V. - Rural rehabilitation loans

State and Territory (1)	Cumulative as of June 30, 1940			July 1, 1940 through June 30, 1941			Cumulative as of June 30, 1941		
	Number of loan agreements (2)	Average amount of loan a/ (3)	Total amount of loan (4)	Number of loan agreements (5)	Average amount of loan a/ (6)	Total amount of loan (7)	Number of loan agreements (8)	Average amount of loan a/ (9)	Total amount of loan (10)
U. S. TOTAL	1,496,909	$277	$438,901,486	359,366	$286	$125,150,358	1,856,275	$280	$564,051,844
Alabama	99,343	196	20,804,562	46,771	146	8,956,970	146,114	180	29,761,532
Arizona	3,354	520	2,010,332	711	702	514,587	4,065	550	2,524,919
Arkansas	112,162	156	21,811,717	21,870	238	5,963,446	134,032	169	27,775,163
California	11,506	701	8,248,045	2,774	728	2,085,085	14,280	706	10,333,130
Colorado	29,463	470	14,224,140	4,633	484	2,343,625	34,096	469	16,567,765
Connecticut	724	880	635,797	107	1,114	119,239	831	913	755,036
Delaware	319	476	149,687	99	549	54,351	418	492	204,038
Florida	27,020	234	6,549,110	7,302	153	1,325,005	34,322	217	7,874,115
Georgia	88,691	199	18,057,782	33,385	147	7,154,971	122,076	387	25,212,753
Idaho	12,071	632	7,914,409	3,715	544	2,240,705	15,786	614	10,155,114
Illinois	19,735	472	9,307,384	3,232	451	3,020,698	22,967	469	12,328,082
Indiana	17,154	452	7,900,746	2,938	478	2,940,786	20,092	457	10,841,532
Iowa	21,432	449	9,645,113	3,507	441	2,605,833	24,939	452	12,250,946
Kansas	54,127	269	14,652,158	10,241	283	3,714,731	64,368	271	18,366,889
Kentucky	27,448	208	5,918,379	13,123	161	2,119,982	40,571	193	8,038,361
Louisiana	58,950	195	13,190,707	16,272	284	5,706,993	75,222	215	18,897,700
Maine	11,235	639	7,265,014	2,021	711	1,442,808	13,256	649	8,707,822
Maryland	1,543	581	977,087	635	584	308,913	2,178	553	1,286,000
Massachusetts	1,260	658	828,733	196	754	150,926	1,456	677	979,659
Michigan	12,812	662	7,553,523	3,755	639	2,491,926	16,567	599	10,045,449
Minnesota	20,170	541	10,981,683	4,083	724	3,457,359	24,253	582	14,439,042
Mississippi	105,290	168	19,480,120	24,099	271	8,299,669	129,389	215	27,779,789
Missouri	54,731	302	16,840,233	7,543	402	5,975,000	62,274	314	22,815,233
Montana	15,992	659	12,142,336	2,621	633	1,867,090	18,613	659	14,009,426
Nebraska	46,426	319	14,931,330	10,735	232	2,524,443	57,161	303	17,455,773
Nevada	962	739	727,366	235	585	180,906	1,197	714	908,272
New Hampshire	2,444	523	1,377,139	341	622	214,445	2,785	538	1,591,584
New Jersey	2,085	703	1,749,978	452	569	258,790	2,537	677	2,008,768
New Mexico	12,176	322	3,965,691	2,425	356	883,988	14,601	327	4,849,679
New York	9,374	594	5,999,331	1,852	489	1,650,012	11,226	580	7,649,343

Table V. - Rural rehabilitation loans (Continued)

State and Territory (1)	Cumulative as of June 30, 1940			July 1, 1940 through June 30, 1941			Cumulative as of June 30, 1941		
	Number of loan agreements (2)	Average amount of loan a/ (3)	Total amount of loan (4)	Number of loan agreements (5)	Average amount of loan a/ (6)	Total amount of loan (7)	Number of loan agreements (8)	Average amount of loan a/ (9)	Total amount of loan (10)
North Carolina	36,687	$276	$12,061,379	12,955	$295	$3,855,351	49,642	$282	$15,916,730
North Dakota	70,203	152	10,985,137	2,937	562	1,665,027	73,140	169	12,650,164
Ohio	20,168	425	8,704,409	3,936	407	2,667,321	24,104	424	11,371,730
Oklahoma	79,429	245	19,661,876	20,622	315	6,718,292	100,051	262	26,380,168
Oregon	8,811	586	5,270,354	1,757	559	1,209,162	10,568	585	6,479,516
Pennsylvania	6,741	507	4,164,708	1,833	548	1,086,442	8,574	496	5,251,150
Rhode Island	349	691	241,068	25	936	23,397	374	711	264,465
South Carolina	40,137	243	10,019,583	18,202	121	3,439,451	58,339	205	13,459,034
South Dakota	91,024	168	15,348,804	4,960	619	3,075,847	95,984	193	18,424,651
Tennessee	23,641	190	5,729,385	9,220	167	1,541,968	32,861	183	7,271,353
Texas	151,049	232	35,956,357	30,237	301	9,362,375	181,286	245	45,318,732
Utah	13,552	419	5,808,028	3,165	252	929,742	16,717	398	6,737,770
Vermont	2,424	552	1,334,204	556	410	229,107	2,980	541	1,563,311
Virginia	18,435	264	4,965,058	6,020	248	1,490,881	24,455	262	6,455,939
Washington	7,777	908	7,178,493	1,594	964	1,590,983	9,371	880	8,769,476
West Virginia	11,331	337	6,374,007	3,051	291	886,818	14,382	321	7,260,825
Wisconsin	20,957	466	9,787,049	3,347	622	2,525,362	24,304	495	12,312,411
Wyoming	13,676	656	9,006,803	2,768	651	1,940,949	16,444	671	10,947,752
Alaska	0	0	300,000	0	0	0	0	0	300,000
Hawaii	92	789	72,610	134	813	108,922	226	800	181,532
Puerto Rico	48	454	21,790	166	821	136,224	214	738	158,014
Virgin Islands	379	130	49,131	208	50	10,370	587	101	59,501
Dist. of Columbia	0	0	21,621	0	0	83,085	0	0	104,706

a/- Average based on loans to individuals.

TABLE VI. - NUMBER OF INVOLUNTARY LIQUIDATIONS, ABANDONMENTS, AND VOLUNTARY LIQUIDATIONS AND OUTSTANDING BALANCES by States, as of June 30, 1941

STATES	INVOLUNTARY LIQUIDATIONS		ABANDONMENTS		VOLUNTARY LIQUIDATIONS		TOTAL	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Alabama	88	$ 28,028.25	579	$ 216,100.49	3,571	$ 928,513.08	4,238	$ 1,172,641.82
Arizona	1	1,015.56	12	7,019.03	92	59,658.03	105	67,692.62
Arkansas	20	6,959.35	551	222,337.20	3,872	1,052,650.90	4,443	1,281,947.45
California	16	12,033.99	30	20,736.35	673	785,345.44	719	818,115.78
Colorado	58	55,158.00	83	80,949.00	1,063	859,313.00	1,204	995,420.00
Connecticut	1	1,006.75	0	0	21	21,582.71	22	22,589.46
Delaware	0	0	0	0	13	13,237.84	13	13,237.84
Florida	18	11,781.14	53	21,686.73	422	188,513.80	493	221,981.67
Georgia	64	20,891.52	95	35,231.77	3,981	1,057,147.72	4,140	1,113,271.01
Hawaii	0	0	0	0	0	0	0	0
Idaho	18	17,172.00	17	21,875.00	290	190,986.00	325	230,033.00
Illinois	4	2,618.40	33	20,866.96	766	405,065.13	803	428,550.49
Indiana	4	2,067.59	58	20,375.70	694	252,196.46	756	274,639.75
Iowa	7	5,702.20	31	15,879.03	630	234,254.49	668	255,835.72
Kansas	19	20,389.97	15	7,156.34	1,028	490,563.19	1,062	518,109.50
Kentucky	33	8,731.47	13	2,371.34	569	124,058.07	615	135,160.88
Louisiana	48	29,922.22	12	7,475.72	813	259,025.30	873	296,423.24
Maine	1	1,903.66	0	0	302	287,899.14	303	289,802.80
Maryland	2	2,508.31	0	0	32	20,755.44	34	23,263.75
Massachusetts	1	563.63	0	0	55	44,704.54	56	45,268.17
Michigan	163	64,287.75	7	1,706.59	808	283,816.26	978	349,810.60
Minnesota	123	43,707.93	4	1,628.76	1,043	415,438.03	1,170	460,774.72
Mississippi	56	20,562.19	532	203,699.58	4,581	988,569.73	5,169	1,212,831.50
Missouri	7	2,845.56	176	74,236.41	1,667	676,841.87	1,850	753,923.84
Montana	19	29,216.00	31	29,069.00	244	258,936.00	294	317,221.00
Nebraska	26	24,850.31	7	4,722.41	1,497	942,718.94	1,530	972,291.66
Nevada	0	0	2	926.72	13	8,554.58	15	9,481.30
New Hampshire	1	2,566.26	0	0	106	80,313.46	107	82,879.72
New Jersey	3	3,343.70	0	0	110	97,332.83	113	100,676.53
New Mexico	37	23,051.00	47	28,897.00	391	229,445.00	475	281,393.00
New York	4	4,075.02	0	0	410	369,667.54	414	373,742.56
North Carolina	18	3,590.37	69	12,637.11	1,735	304,871.07	1,822	321,098.55
North Dakota	18	11,305.73	2	1,103.23	499	238,376.30	519	250,785.26
Ohio	2	1,061.25	47	22,724.18	768	269,929.00	817	293,714.43
Oklahoma	182	70,713.00	2,975	844,558.00	760	204,231.00	3,917	1,119,502.00
Oregon	30	22,232.00	17	10,985.00	355	224,166.00	402	257,383.00
Pennsylvania	7	7,997.62	0	0	258	155,638.45	265	163,636.07
Puerto Rico	0	0	0	0	0	0	0	0
Rhode Island	0	0	0	0	11	5,083.43	11	5,083.43
South Carolina	20	7,885.28	97	36,674.75	2,615	793,668.08	2,732	838,228.11
South Dakota	5	5,442.69	1	228.46	598	402,444.25	604	408,115.40
Tennessee	28	8,555.40	11	964.47	1,222	227,486.06	1,261	237,005.93
Texas	461	150,366.00	11,754	3,663,720.00	3,125	913,613.00	15,340	4,727,699.00
Utah	3	3,210.15	7	3,484.16	176	142,490.72	186	149,185.03
Vermont	3	2,111.96	0	0	56	33,822.25	59	35,934.21
Virginia	28	12,975.32	22	5,996.45	1,379	337,802.19	1,429	356,773.96
Virgin Islands	0	0	2	411.68	5	208.05	7	619.73
Washington	27	28,893.00	15	13,542.00	554	493,337.00	596	536,072.00
West Virginia	19	4,944.83	19	4,264.54	517	119,997.37	555	129,206.74
Wisconsin	108	48,173.81	10	4,657.85	773	334,397.36	891	387,229.02
Wyoming	14	12,940.00	15	14,393.00	249	152,148.00	278	179,481.00
U. S. TOTAL	1,815	$849,358.14	17,451	$5,685,592.01	45,412	$16,980,814.10	64,678	$23,515,764.25

Table: VII Rural Rehabilitation Loans and Collections by Fiscal Years

Fiscal year (1)	Loans amount (2)	Collections		
		Principal (3)	Interest (4)	Total (5)
1936	$ 76,964,940	$ 991,875	$ 9,939	$ 1,001,814
1937	74,501,314	22,089,409	923,128	23,012,537
1938	70,194,682	26,117,504	1,221,805	27,339,309
1939	119,186,607	33,209,930	736,731	33,946,661
1940	98,053,943	47,388,197	7,622,735	55,010,932
1941	125,150,358	51,167,446	11,155,901	62,323,347
TOTAL	$564,051,844	$180,964,361	$21,670,239	$202,634,600

Table VIII. - Rural rehabilitation loans, maturities, and collections, cumulative through June 30, 1941

State and Territory (1)	Loans (2)	Maturities (3)	Collections 1/ (4)	Percentages of collections as compared with maturities (5)
U. S. TOTAL	$564,051,844	$252,697,527	$202,634,600	80.2
Alabama	29,761,532	8,951,418	8,255,760	92.2
Arizona	2,524,919	1,224,371	918,078	74.9
Arkansas	27,775,163	12,064,661	9,910,688	82.1
California	10,333,130	6,390,395	4,023,204	62.9
Colorado	16,567,765	8,417,830	5,853,406	69.5
Connecticut	755,036	567,172	471,554	83.1
Delaware	204,038	77,736	47,129	60.6
District of Columbia	104,706	3,271	1,067	32.6
Florida	7,874,115	3,568,554	2,383,972	66.8
Georgia	25,212,753	9,005,019	7,997,020	88.8
Idaho	10,155,114	5,069,223	3,984,182	78.6
Illinois	12,328,082	5,538,376	4,424,666	79.9
Indiana	10,841,532	4,771,129	4,024,419	84.4
Iowa	12,250,946	5,888,205	5,216,118	88.6
Kansas	18,366,889	6,852,458	5,568,032	81.3
Kentucky	8,038,361	4,041,420	3,385,928	83.8
Louisiana	18,897,700	8,842,356	6,787,790	76.8
Maine	8,707,822	6,343,891	4,028,893	63.5
Maryland	1,286,000	522,003	420,880	80.6
Massachusetts	979,659	688,487	506,238	73.5
Michigan	10,045,449	4,373,889	3,640,326	83.2
Minnesota	14,439,042	6,634,849	5,744,871	86.9
Mississippi	27,779,789	11,600,156	9,745,900	84.0
Missouri	22,815,233	9,615,094	7,513,913	78.1
Montana	14,009,426	6,342,611	4,521,288	71.3
Nebraska	17,455,773	6,502,918	5,028,409	77.3
Nevada	908,272	524,603	467,799	89.2
New Hampshire	1,591,584	811,642	603,879	74.4
New Jersey	2,008,768	1,054,981	686,047	65.0
New Mexico	4,849,679	2,763,636	2,235,124	80.9
New York	7,649,343	3,060,985	2,173,040	71.0
North Carolina	15,916,730	8,211,415	6,585,464	80.2
North Dakota	12,650,164	4,160,187	2,846,206	68.4
Ohio	11,371,730	5,593,495	3,862,926	69.1
Oklahoma	26,380,168	11,102,538	10,062,020	90.6
Oregon	6,479,516	3,491,488	3,108,061	89.0
Pennsylvania	5,251,150	1,680,989	1,244,020	74.0
Rhode Island	264,465	180,574	113,670	62.9
South Carolina	13,459,034	5,467,848	4,676,209	85.5
South Dakota	18,424,651	5,976,049	3,982,884	66.6
Tennessee	7,271,353	3,508,517	3,377,494	96.3
Texas	45,318,732	24,986,758	20,841,744	83.4
Utah	6,737,770	3,589,559	2,803,532	78.1
Vermont	1,563,311	813,648	757,434	93.1
Virginia	6,455,939	3,616,082	2,797,004	77.3
Washington	8,769,476	5,182,263	4,048,124	78.1

Table VIII. - Rural rehabilitation loans, maturities, and collections, cumulative through June 30, 1941 - Continued.

State and Territory (1)	Loans (2)	Maturities (3)	Collections 1/ (4)	Percentages of collections as compared with maturities (5)
West Virginia	7,260,825	2,358,928	1,794,814	76.1
Wisconsin	12,312,411	5,924,912	5,396,836	91.1
Wyoming	10,947,752	4,697,496	3,727,207	79.3
Alaska	300,000	0	0	0.0
Hawaii	181,532	27,168	32,697	120.4
Puerto Rico	158,014	2,928	3,776	129.0
Virgin Islands	59,501	11,346	2,858	25.2

1/ Collections include prepayments on unmatured principal amounting to $11,801,769 and interest payments amounting to $21,670,233.

Table: IX - Grants to Individuals, by States, July 1, 1935 through June 30, 1941

State and Territory (1)	Total Number of Grants (2)	Total Number of Farm Families Receiving Grants (3)
U. S. TOTAL	6,543,962	1,029,486
Alabama	177,998	72,028
Arizona	33,858	12,688
Arkansas	109,375	60,332
California	168,426	41,984
Colorado	134,045	15,537
Connecticut	404	120
Delaware	648	97
Florida	73,671	27,802
Georgia	118,354	43,333
Idaho	29,097	7,205
Illinois	77,618	15,836
Indiana	13,884	3,537
Iowa	41,927	9,968
Kansas	453,590	31,728
Kentucky	121,113	28,980
Louisiana	32,851	14,175
Maine	5,576	1,082
Maryland	3,415	760
Massachusetts	1,104	341
Michigan	35,575	6,617
Minnesota	152,159	22,180
Mississippi	115,264	64,581
Missouri	387,017	77,649
Montana	261,005	21,330
Nebraska	468,545	28,685
Nevada	637	184
New Hampshire	1,644	357
New Jersey	4,257	669
New Mexico	87,204	9,620
New York	15,512	2,339
North Carolina	41,322	14,820
North Dakota	1,006,391	64,549
Ohio	42,308	10,235
Oklahoma	365,350	75,181
Oregon	23,813	6,732
Pennsylvania	12,832	2,474
Rhode Island	732	171
South Carolina	64,275	20,938
South Dakota	1,259,676	64,410
Tennessee	22,369	7,957
Texas	219,649	56,974
Utah	24,660	5,292
Vermont	1,949	492
Virginia	7,737	2,761
Washington	51,975	12,229
West Virginia	21,576	5,690
Wisconsin	205,557	50,543
Wyoming	45,344	5,948
Hawaii	2	2
Puerto Rico	0	0
Virgin Islands	672	344

Table X. - Grant Payments by States

State and Territory (1)	Fiscal Year 1940 (2)	Cumulative as of June 30, 1940 (3)	Fiscal Year 1941 (4)	Cumulative as of June 30, 1941 (5)
U. S. TOTAL	$24,222,075	$120,207,865	$17,130,006	$137,337,871
Alabama	2,608,913	3,555,836	2,000,404	5,556,240
Arizona	931,107	1,445,246	777,453	2,222,699
Arkansas	513,186	1,622,583	209,408	1,831,991
California	3,376,236	6,780,647	2,907,498	9,688,145
Colorado	608,791	2,319,208	433,025	2,752,233
Connecticut	1,293	12,232	549	12,781
Delaware	6,293	15,158	3,019	18,177
Florida	860,879	1,291,274	132,946	1,424,220
Georgia	1,115,898	2,098,036	743,059	2,841,095
Idaho	176,953	585,152	248,212	833,364
Illinois	102,853	1,272,292	157,552	1,429,844
Indiana	37,573	234,118	59,389	293,507
Iowa	33,709	745,116	48,739	793,855
Kansas	796,767	7,189,172	365,328	7,554,500
Kentucky	290,879	1,903,687	269,593	2,173,280
Louisiana	199,170	504,538	266,232	770,770
Maine	46,847	106,854	61,330	168,184
Maryland	29,058	52,479	33,244	85,723
Massachusetts	4,196	30,114	3,607	33,721
Michigan	90,354	610,867	156,523	767,390
Minnesota	210,127	2,482,576	293,545	2,776,121
Mississippi	1,218,394	1,867,180	640,326	2,507,506
Missouri	480,364	5,380,952	470,671	5,851,623
Montana	1,059,004	5,448,661	528,110	5,976,771
Nebraska	656,137	7,472,649	885,383	8,358,032
Nevada	4,918	12,951	13,824	26,775
New Hampshire	10,435	42,613	12,725	55,338
New Jersey	25,715	104,709	15,690	120,399
New Mexico	857,280	1,370,067	455,412	1,825,479
New York	89,856	359,220	80,118	439,338
North Carolina	449,529	871,363	376,075	1,247,438
North Dakota	680,028	20,654,468	218,265	20,872,733
Ohio	86,786	782,781	112,163	894,944
Oklahoma	889,736	5,378,881	342,775	5,721,656
Oregon	127,669	486,335	151,834	638,169
Pennsylvania	98,629	234,161	117,258	351,419
Rhode Island	2,213	21,118	1,171	22,289
South Carolina	327,589	1,065,084	417,267	1,482,351
South Dakota	2,441,203	22,094,106	994,627	23,088,733
Tennessee	239,254	455,761	96,164	551,925
Texas	1,211,195	3,890,851	956,831	4,847,682
Utah	137,071	523,424	120,684	644,108
Vermont	12,882	47,700	17,215	64,915
Virginia	181,304	245,637	120,919	366,556
Washington	348,146	1,187,444	223,707	1,411,151
West Virginia	129,139	453,755	134,714	588,469
Wisconsin	230,074	3,888,890	271,032	4,159,922
Wyoming	180,908	1,002,264	171,724	1,173,988
Hawaii	0	0	260	260
Virgin Islands	5,535	7,655	12,407	20,062

Migratory Labor Camp Projects
As of June 30, 1941

TABLE XI

Camp	County	Number of Family Units: Labor Homes	Shelters	Tent Houses	Tent Platforms	Total	Total Land: Acres	Cost	Other Development Cost	Total Capital Investment
Arizona										
Agua Fria	Maricopa	36	315	-	-	351	116	5,783	339,814	345,597
Eleven Mile	Pinal	48	215	-	78	341	482	25,600	399,674	425,274
Yuma	Yuma	36	285	-	15	336	154	23,250	354,438	377,688
Mobile Units	-	-	-	-	600	600	-	-	85,652	85,652
State Totals		120	815	-	693	1,628	752	54,633	1,179,578	1,234,211
Arkansas										
Springdale	Washington	-	-	200	-	200	40	3,500	76,394	79,894
State Totals		-	-	200	-	200	40	3,500	76,394	79,894
California										
Arvin	Lern	68	141	98	20	327	103	13,263	410,988	424,251
Brawley	Imperial	58	-	73	112	243	40	6,389	254,931	261,320
Ceres	Stanislaus	50	-	-	-	50	60	13,665	140,111	153,776
Firebaugh	Fresno	36	297	-	12	345	385	23,037	392,584	415,621
Gridley	Butte	24	39	11	147	221	151	20,000	142,402	162,402
Indio	Riverside	40	-	185	-	225	160	29,600	305,590	335,190
Kingsburg	Tulare	-	-	-	-	-	32	4,783	3,487	8,270
Marysville	Yuba	-	-	-	185	185	53	3,516	139,886	143,402
Mineral King	Tulare	18	-	-	-	18	529	120,112	136,957	257,069
Shafter	Kern	64	-	219	-	283	78	23,334	385,276	408,610
Thornton	San Joaquin	30	115	-	-	145	348	72,111	233,354	305,465
Tulare	Tulare	78	315	-	64	457	76	13,414	406,683	420,097
Westley	Stanislaus	42	59	-	153	254	101	10,123	203,359	213,482
Windsor	Sonoma	-	-	-	131	131	66	8,371	87,596	95,967
Winters	Yolo	24	-	50	139	213	108	30,760	214,642	245,402
Woodville	Tulare	73	281	-	32	386	161	18,485	447,748	466,233
Yuba City	Sutter	84	268	-	-	352	271	21,682	460,781	482,463

Migratory Labor Camp Projects
as of June 30, 1941 - Continued.

Camp	County	Number of Family Units: Labor Homes	Shelters	Tent Houses	Tent Platforms	Total	Total Land: Acres	Cost	Other Development Cost	Total Capital Investment
California (Continued)										
Mobile Units	-	-	-	-	1,200	1,200	-	-	191,896	191,896
State Totals		689	1,515	636	2,195	5,035	2,722	432,645	4,558,271	4,990,916
Colorado										
Palisade	Mesa	-	-	200	-	200	28	2,000	145,950	147,950
State Totals		-	-	200	-	200	28	2,000	145,950	147,950
Florida										
Canal Point	Palm Beach	26	150	-	-	176	72	9,360	288,697	298,057
Everglades	Palm Beach	13	310	-	-	323	60	6,800	301,786	308,586
Okeechobee	Palm Beach	82	506	-	-	588	190	18,400	851,333	869,733
Osceola	Palm Beach	45	284	-	-	329	80	11,322	460,240	471,562
Pahokee	Palm Beach	30	158	-	-	188	50	7,500	245,197	252,697
Pompano	Broward	-	316	-	-	316	81	2,400	270,321	272,721
Redland	Dade	28	160	-	-	188	70	10,000	271,228	281,228
South Dade	Dade	18	178	-	-	196	80	300	276,216	276,516
State Totals		242	2,062	-	-	2,304	683	66,082	2,965,018	3,031,100
Idaho										
Caldwell	Canyon	47	224	-	-	271	119	13,000	358,831	371,831
Twin Falls	Twin Falls	47	224	-	-	271	60	9,500	313,556	323,056
Mobile Units	-	-	-	-	550	550	-	-	99,268	99,268
State Totals		94	448	-	550	1,092	179	22,500	771,655	794,155
Michigan										
Baroda	Berrien	-	-	-	-	-	-	-	3,595	3,595
State Totals		-	-	-	-	-	-	-	3,595	3,595
Missouri										
Delmo	Dunklin & 4	580	-	-	-	580	1,688	121,905	722,236	844,141
State Totals		580	-	-	-	580	1,688	121,905	722,236	844,141

Migratory Labor Camp Project
As of June 30, 1941 - Continued.

Camp	County	Number of Family Units: Labor Homes	Tent Shelters	Tent Houses	Platforms	Total	Total Land: Acres	Cost	Other Development Cost	Total Capital Investment
Oregon										
Yamhill	Yamhill	49	176	-	44	269	124	7,780	344,794	352,574
Mobile Units	-	-	-	-	950	950	-	-	160,059	160,059
State Totals		49	176	-	994	1,219	124	7,780	504,853	512,633
Texas										
Crystal City	Zavalla	41	118	-	44	203	240	9,493	214,718	224,211
Harlingen	Cameron	-	224	-	-	224	117	10,496	184,241	194,737
LaMesa	Dawson	-	-	-	-	-	325	12,992	105	13,097
McAllen	Hidalgo	100	48	-	-	148	99	13,939	287,442	301,381
Princeton	Collin	-	76	-	139	215	95	6,000	125,579	131,579
Raymondville	Willacy	50	249	-	44	343	158	10,469	353,090	363,559
Robstown	Nueces	25	213	-	-	238	134	13,265	247,021	260,286
Sinton	San Patricio	30	213	-	-	243	110	5,200	244,161	249,361
Weslaco	Hidalgo	42	213	-	50	305	96	7,000	303,889	310,889
State Totals		288	1,354	-	277	1,919	1,374	88,854	1,960,246	2,049,100
Washington										
Granger	Yakima	33	98	-	63	194	135	12,928	272,269	285,197
Sumner	Pierce	-	-	-	-	-	96	16,450	-	16,450
Yakima	Yakima	48	200	-	142	390	151	15,040	381,651	396,691
Walla Walla	Walla Walla	25	86	-	61	172	125	12,000	232,783	244,783
Mobile Units	-	-	-	-	400	400	-	-	78,606	78,606
State Totals		106	384	-	666	1,156	507	56,418	965,309	1,021,727
UNITED STATES TOTALS		2,168	6,754	1,036	5,375	15,333	8,096	856,317	13,853,105	14,709,422

Migratory Labor Camp Development Program
for the fiscal year 1942

Table XII

State	Type of Camp Development Planned	Number of Family Units: Labor Homes	Tent Platforms	Tent Houses	Shelters	Total	Estimated Development Cost (Including Land Purchase)
California	1 mobile		220			220	$ 57,000
Colorado	1 standard	46			100	146	350,000
Connecticut	2 mobile		300			300	22,500
Idaho	2 mobile		400			400	58,000
Maryland	4 mobile		600			600	104,000
Michigan	1 light-construction	100			50	150	113,000
	1 standard	30				30	40,000
New Jersey	3 mobile		450			450	99,000
New Mexico	2 mobile		400			400	65,000
New York	5 mobile		750			750	143,000
North Carolina	5 mobile		750			750	171,500
Oregon	1 light-construction				150	150	118,000
	2 mobile		400			400	50,000
Texas	1 standard	25			100	125	210,000
	3 light-construction			450		450	240,000
	1 light-construction				30	30	20,000
Virginia	7 mobile		1,050			1,050	213,000
Washington	3 mobile		600			600	75,000
	Improvements on existing camps	50		370		420	458,000
	Equipment and furnishings						486,000
		251	5,920	820	430	7,421	$ 3,093,000

Project 1. Rural rehabilitation loans:

Objective: The immediate objective of rural rehabilitation loans is to enable low-income and destitute farm families to support themselves through continued farming by extending credit on the basis of acceptable farm and home plans. During the present emergency an additional immediate objective is to enable these borrowers and other low-income and disadvantaged families to produce vital war foodstuffs and feed. The ultimate objective is to help needy farm families to become permanently self-supporting and hence to help create a more stable farm economy.

The problem and its significance: Thousands of farm families have realized very little of the benefits and advantages of our democratic society. They have also been unable to contribute to the Nation's defense in time of crisis. It is to help remedy both of these deficiencies that the FSA is intensifying its efforts on the rural rehabilitation program.

It has already been pointed out that nearly half, about 47.5 percent, of all the farmers in this Nation turn out an annual production of farm goods valued at less than $600 a year. This figure represents total family income from the farm as well as all foodstuffs raised for home consumption. It does not include Government payments, it being a fact that these farmers, because of their small production, receive a very small relative share of the payments that are made. Perhaps the most startling aspect of these figures from the 1940 Census is the increase that they represent over the 1930 figures. In the 1930 Census, it was reported that only 28 percent of the Nation's farm families were in the class of farmers the value of whose products was less than $600. The number of the Nation's farmers in this low-income group increased between 1930 and 1940 by 69 percent. At the present time nearly 2,900,000 families, or approximately 14,000,000 people, are in this group with low farm incomes.

The 1940 Census showed that nearly 20 percent of the Nation's farmers produce crops and products whose value is less than $250 a year. In 1930 only 6.6 percent of the farmers fell into this category. These sets of figures are directly comparable inasmuch as the Government payments to farmers with such a small production in 1940 would be negligible. In other words, at the present time probably 1,170,000 farm families, or perhaps 5,500,000 farm people, have incomes from the farm, including the value of goods consumed at home, amounting to about $1 per week per person.

The farmers in this very low-income group are largely farmers with small acreages, inadequate land and capital with which to work. The 1940 Census showed that there are 2,286,700 farms under 50 acres, or nearly 38 percent of all farmers in the Nation. Living on the smallest and least productive of these farms are thousands of farm families, who, both as producers and consumers, have had to retain primitive standards in a modern world. While American industry has adopted turret drills and automatic machine processes, these families have continued to cultivate the land with one-row, horse-drawn equipment and hand tools. While the big commercial farms have adopted highly efficient machinery and modern agricultural methods, most of the 2,900,000

families having a gross farm income of less than $600 still use the same farm management patterns which were common a century ago. While the tides of technological progress have swept on across the country, this group has been left to one side in a sort of stagnant eddy. The effects of this poverty and technical inefficiency on the national economy are little realized.

One of the major forces making for the continued hold of the bigger farms on the commercial markets at the expense of small farms has been mechanization. There were 1,527,989 tractors on American farms on April 1, 1938, more than a third of which had been purchased since 1935. This sharp upward trend has, of course, been leveled off as a result of the present war program which has curtailed the sale and use of farm machinery. However, in some areas in which machinery had not been previously used, reports indicate that sales during the first five months of 1941 were from 80 to 120 percent higher than during the same period in 1940. Because machinery is usually available only to the bigger commercialized farmer who can afford to buy it, the result of increased machinery sales often is either a displacement of some small tenant or laborer or an increase in competition leading eventually to a crowding out of the independent small farmer who has no machinery with which to operate his farm. In some parts of the country displacement of farm families as a result of mechanization has been tremendous in recent years. Tenants and sharecroppers in particular have felt the direct impact of mechanization. Thousands have been forced down to the status of day laborers, with little chance for more than a few months' work a year.

Reliance on urban industry under booming wartime conditions to drain farm families from depressed rural areas and to bring substantial relief to low-income farmers is misplaced. Contrary to public belief, this drain is not taking place on a large or rapid scale. Paradoxically, however, it is drawing heavily on farm families and farm workers in successful farming areas, contributing heavily to the Food for Freedom program, and leaving scarcely untouched the areas where rural poverty is greatest. An understanding of the uneven geographic impact of the war effort is essential to clear perception as to how it can create labor stringencies in important war crop production areas and leave unemployment and underemployment in the poorer sections.

Migration to the cities to take advantage of wartime employment has not taken place from many of the poorest rural areas of the Nation. One factor retarding such a movement is distance from these areas to industrial centers. This point is illustrated by the fact that 44.3 percent of all FSA borrowers, located largely in the poorer rural areas, are in states which have only 9.3 percent of the Nation's defense contracts. Another important factor is the lack of skill on the part of the rural disadvantaged. Still another factor hindering migration from overcrowded rural areas to prosperous towns and cities is the competition of urban unemployed, of which there are still probably 5,000,000 or 6,000,000. And while this farm-to-city migration is shut off, the poorer rural areas continue to increase their population at a rapid rate. The 400 counties with the Nation's lowest living levels are the very ones with the fastest-growing population.

These problems of surplus population and technological change have been added to a number of less spectacular but even more deeply-rooted maladjustments in our rural economy. For generations the Nation's agriculture has been

gradually undermined by unsound tenure systems, careless and unscientific tillage practices, widely fluctuating markets, and an appalling wastage of our most important capital asset -- the land -- through soil erosion. Rural poverty is not an emergency condition which might be cured automatically by an upturn in the business cycle. Its symptoms were familiar long before the Civil War. For more than a century they compelled the United States to carry on a liberal program of rural relief in the form of free land. Until recent times, any farmer who lost his property through foreclosure, or whose acres were exhausted by erosion and one-crop tillage, could move to a new homestead in the West. Today this easy solution is no longer possible. Free land capable of producing a decent living has disappeared; and we have at last been forced to seek new methods of dealing with the problem of poverty among farm people.

The low income and low living standards of the bottom third of our farm population has shut them out of our productive economy -- excluded them as effectively as if they were in another nation. Since they lack the essential capital equipment in adequate land and tools, they are necessarily unproductive. They contribute few goods and services, and they are able to buy only the barest necessities. They represent an untapped potential market, far more important than most Americans realize. Even more important today, they represent a portion of the population who at present have little to contribute for the defense of a democracy which, to them, has had little meaning.

The sub-standard living conditions which a large share of our farm population must endure inevitably means bad health -- which imposes heavy costs on the national economy. Malaria, which is largely due to lack of window screens to keep out mosquitoes, takes a tremendous toll of labor efficiency, particularly in the South. When a family is so poor that it cannot even afford an outdoor privy, the probability of hookworm infection is extremely high. Indicative of the poor health conditions among the rural poor are the results of a recent survey conducted by the Farm Security Administration. A total of 11,947 men, women, and children from 2,480 families on the FSA rehabilitation program in 21 rural counties were given health examinations, and it was discovered that only one out of every 25 was in prime physical condition. The average person was handicapped by between three and four significant physical defects. Seven out of every 10 persons had defective teeth, over half the people had defective tonsils, and about one out of every four had defective vision in both eyes. It is significant that most of the defects could have been prevented or could be remedied by adequate medical care.

In view of the fact that one child out of every ten comes from the 3,000,000 farm families in the lowest income group, the health menace to the national manpower of the next generation is apparent. It is all the more serious, since few families in this group can afford adequate medical care.

It would be well to think now, in preparation for the problems of postwar, about the vast untapped consumer demand that is represented by low-income rural people. If their conditions were improved, if they were placed on a sound economic footing and given a chance to participate in the Nation's buying and selling markets, a tremendous volume of pent-up economic power would be loosed in this country at a time when it would be most needed following the curtailment of wartime activity.

For example, if farm homes could be brought up to the American standard of living -- or even to the minimum standards of health and decency -- the building industry would enjoy boom conditions. Even in 1929, about 1,500,000 tenant families were living in houses valued at less than $475; and in the South, half of all farm owners were living in homes worth less than $560. Competent engineers have estimated that it would cost approximately $3,250,000,000 to put our inadequate farm structures in good repair.

A recent study of the purchase of cotton textiles gives an even better indication of underconsumption among low-income farm families. It disclosed that the average housewife spends $6.94 a year for cotton wearing apparel; but if the family's income is less than $500 a year, her purchases of cotton decline by nearly one-half. The average husband spends $12.02 annually for cotton clothing, but his expenditures for this commodity fails by more than half if the family income is below $500. Cotton household items, such as sheets and towels, cost the average family $6.88 a year; but for the income class below $500 this expenditure falls to $1.64.

The survey also indicated that if family incomes could be raised to a minimum of $1,500 a year, purchases of this kind of cotton goods would increase by about $208,000,000 annually. Of this sum, about $110,000,000 would go into manufacturing, $70,000,000 into transportation, and $25,000,000 into raw cotton. Comparable increases, of course, might be expected in the consumption of other necessities. The survey gives only a hint of the spurt in industrial profits and employment which might be expected if this low income group could even approach the American standard of living.

There is no single, simple answer to the problem of rural poverty. Vastly increased industrial activity is providing an outlet for some of the surplus population which is piling up on the farm; but it would have to go far beyond the present level, and absorb millions of urban unemployed, before migration to the cities would be appreciable from the poorer rural areas. Some way may be found to provide a badly needed expansion of the service employments -- particularly education and health -- in the rural areas. A housing program to clear out rural slums may develop in the wake of the urban housing movement after the war. A stimulation of industry in rural areas, coupled with subsistence farming, might provide a partial solution.

Against this background of insecurity, destitution and poverty, the Farm Security Administration is conducting a series of programs designed to increase the security and future prospects of many farm people. By far the most extensive in scope is the rehabilitation loan program, which has proved very effective, and which involves a relatively small cost to the taxpayer. It is estimated that more than 2,900,000 low-income farm families are eligible for rural rehabilitation loans. Of these approximately 29% or about 823,000 will have received such assistance from the FSA prior to July 1, 1942. During the latter part of the fiscal year 1941 the county rural supervisors of the FSA reported in detail on 642,112 families who were eligible and in need of rural rehabilitation but to whom loans could not be made because of limited funds. The distribution of these families by states, together with the number of farm operators and the number of farm families with a gross income of less than $600, is shown in Table I.

The major problems of rural poverty at present may be summarized as follows:

First, after years of poor health, lack of opportunity, privation and poverty, the low-income farm family in no real sense appreciates the advantages of the democracy in which it lives.

Second, thousands of low-income farm families are finding no opportunities for economic betterment as a result of the war and defense program.

Third, the basic causes of their distress are deep-rooted and, if any improvement is to come, it must come as a result of basic adjustments in their resources and skills and farm opportunities.

Fourth, the problems presented by the poor health, low morale, and lack of skill among these people are liabilities to the Nation and represent a weak spot in our otherwise strong democracy.

Fifth, the low-income farm family is in no position, without help, to participate in and contribute to this Nation's tremendous war effort.

Progress and current program: Since 1935 the Farm Security Administration has been making small loans, averaging from $100 to $800 each, to needy farm families to enable them to get a new start on the land. Such loans are usually just large enough to finance the purchase of the seed, livestock, and equipment necessary to carry on farming operations. They are repayable over a period of from one to ten years at 5 percent interest.

Today, as a part of the Nation's unified war efforts, the thousands of farm families now receiving rehabilitation aid from the FSA are being encouraged to produce large quantities of vital foodstuffs and feed for national war and defense purposes. Although the long-run objective remains rehabilitation, the FSA is helping its borrowers through supplemental loans and instruction to participate on a large-scale in the Food for Freedom Program.

In addition, the FSA plans to help these families, and other low-income families producing Food for Freedom, process and market these products. Canning equipment, pressure cookers, jars, and other accessories are being made available through individual or cooperative loan arrangements. The FSA likewise is cooperating with other agencies in the Department of Agriculture in the development of processing plants - particularly for milk and poultry products -- in rural areas. This new emphasis ties in the rehabilitation program closely with the Nation's all-out war efforts. Rehabilitation borrowers, by virtue of their experience on the program at planning and using their resources to advantage, can be expected to make a considerable contribution to the food-production program.

A new FSA war program closely akin to the rehabilitation program is now being developed to enable the FSA to reach other low-income farm groups

which it has previously not been able to reach. Under this new program the FSA plans to make small production loans to sharecroppers, day laborers, part-time farm workers, and other disadvantaged farm people to enable them to buy a cow, sow, or a flock of chickens, plant a garden, acquire access to canning equipment, and get other equipment or resources necessary for the production of Food for Freedom. It is estimated that more than 150,000 low-income farm families who are not otherwise eligible for the rehabilitation program because of their inability to get land for permanent farming will be able to participate in the food production effort as a result of this new program.

It is not expected, of course, that all of the food produced as a result of the new emphasis on food production among rehabilitation families will be available for distribution off the farm. A considerable portion of this food, produced as it is by people who often lack adequate diets themselves, will be consumed at home. However, large quantities of Food for Freedom may be expected from these families who otherwise would not be able to contribute to the national war effort. One of the really definite results of this new found ability to cooperate in the war program will undoubtedly be the psychological satisfaction that it gives to these people. The direct advantages of improved diets, of course, are additional benefits of FSA's emphasis upon food production by low-income people.

A supervised rehabilitation program is an efficient and common sense investment for a country to make. It is an effort to place a sound economic base under people to whom it has been denied. It is giving farmers the security of knowing what to do with land. It is undergirding their necessary credit with sound planning. The annual net cost of the rural rehabilitation loan program, including all losses and expenses of administration, amounts to less than $75 for each family aided. This is, without a doubt, the lowest cost to the taxpayer of any kind of help for needy families--work relief in the cities costs about $800 per family per year, and even rural relief costs from $350 per year upward.

There is another phase of rehabilitation known as the Community and Cooperative Services Loan program. This is nothing more than a simple adaptation of the rehabilitation loan to a group or community. When several rehabilitation borrowers living in one community need a piece of heavy machinery, or a pure-bred sire, or other service which no one of them can afford alone, the FSA makes them a group loan to finance the purchase.

The significance of such joint financing is immediately obvious during an emergency period such as the present one when the production of machinery is curtailed, the price of good breeding stock is high, and the inventory of all materials and equipment available for civilian use is low. Farmers are able to conserve the use of machinery, materials and equipment by operating these things jointly. Moreover, they are able to decrease considerably the waste that goes with idleness of such equipment.

Probably the most important aspect of the cooperative group idea at the present time, however, is the opportunity that it gives for farmers to get

out of the buying market altogether by re-distributing the use of existing stock, materials, machinery and equipment within a community. The FSA plans to make an intensive drive to organize additional cooperative groups of farmers who might pool their equipment, thereby making the purchase of goods in competition with war goods unnecessary. The FSA also plans to make loans to these groups to enable them to set up repair shops and purchase the bare essentials for repair work so that the life of existing tools and machinery within a neighborhood can be lengthened. Thousands of dollars worth of machinery might be made to last longer and serve twice as many people as a result, while at the same time the farmers who are producing Food for Freedom will not suffer because of curtailed production of farm equipment. There are other important aspects to the FSA group loan program at the present time. Purebred breeding stock will enable small farmers to improve their small herds and, consequently, their capacity for producing milk and butterfat for war needs. Similarly, better breeding among hogs will mean better ham and pork yields. The cooperative groups will also play a role in organizing processing and marketing facilities so that Food for Freedom will flow to its ultimate markets in a form suitable for its best use.

The long-run importance of the cooperative services loan is emphasized by recent developments in American agriculture. The increased use of modern machinery, good livestock, and expert management is resulting in the growth of huge "outdoor food factories," often owned by corporations, which can produce more efficiently than small farmers using hand labor or obsolete tools and methods. In some areas the small farmers are losing out, for lack of equipment, which no one small farm can support. But when a group of small farmers get together to buy and use modern machinery and purebred sires, they usually are able to compete on more even terms with the large-scale commercial farms.

The purchase of such equipment for community use is generally arranged in one of two ways -- whichever the participants prefer. Either the farmers form an association to buy and handle the new service, borrowing individually to contribute to the purchase price; or one farmer can borrow the money, and all the others sign an agreement to use the service at a stipulated price, which will enable the master borrower to repay the loan.

As of June 30, 1941, the Farm Security Administration had made 1,849,017 original and supplemental loans, totaling $564,051,844, to 738,143 needy farm families and associations of farm families. During the fiscal year 1941, 349,490 original and supplemental loans were made, totaling $125,150,358.

During the fiscal year 1942, it is estimated that the funds available will permit the making of approximately 85,000 initial loans, and the making of supplemental loans to approximately 246,775 borrowers accepted prior to July 1, 1941. The total amount estimated for 1943 will permit the making of approximately 15,000 initial loans, and the making of supplemental loans to approximately 210,000 borrowers accepted prior to July 1, 1942.

The number of families receiving loans from the inception of the program through June 30, 1941, totaling 738,143, is shown by states in Table III. The amount which has been loaned during each of the fiscal years 1936 through 1941, totaling $564,051,844, is shown distributed by states in Table IV. A statement showing the total number of loan agreements approved, the total amount loaned, and the average amount of each loan, by states, from the period of inception through June 30, 1940, during the fiscal year 1941, and from inception through June 30, 1941, is shown in Table V.

During the six years of the operation of the rural rehabilitation loan program, there has been a total of 64,678 voluntary and involuntary liquidations and abandonments, totaling $23,515,764.25. Of this number, there were only 1,815 involuntary liquidations, amounting to $849,358.14. The number and amount of involuntary liquidations, abandonments, and voluntary liquidations by states are shown in Table VI.

Chattels acquired through repossession are loaned to other rural rehabilitation clients in lieu of cash.

Originally the national defense program, and now the all-out war effort, made it necessary to expand the scope and intensity of our rehabilitation loan program. This expansion has been and is being carried out with two objectives in mind -- one, to do everything in our power to fully assist in that effort; and two, to rehabilitate low-income farm families.

During the latter part of the fiscal year 1941, the Secretary of Agriculture announced a program to meet the increased need for food, both in the United States and in Great Britain. Approximately $5,000,000 was loaned to low-income farm families during the last two months of the fiscal year 1941 for the purposes of assisting in carrying out this farm-production campaign. These loans, averaging approximately $30 to $50 each, were made for the purchase of cows, hogs, and baby chicks. Already reports have been recieved indicating the success of this program and the most favorable reaction of the farm families. This, of course, is just the beginning of our efforts toward this part of the defense program. It is contemplated that during the fiscal year 1942, and to be continued into the fiscal year 1943, many millions of dollars will be loaned to thousands of our rehabilitation farm families for this purpose. In view of the need for food--which will be made available as a result of these loans--and the present market prices of such food, those farmers participating in this program will not only be producing food for defense and freedom, but will be assiting in their own rehabilitation.

Due to the acquisition of farm land by the Army for defense purposes, many thousands of farm families have been forced to vacate the farm land on which they were living. This has created the problem of relocating a large percentage of these farm families, which has been made the primary responsibility of the Farm Security Administration. Through surveys of defense areas, that organization has determined the number of families living in each area and what assistance they will need toward being relocated. Based upon these surveys, the following aid has been provided: grants for subsistence expenses, moving expenses, and, if need be, for the initial rent

at the new locations; loans to owners to tide them over until they are paid for their land; loans to establish farm families at their new location; and loans to associations for the purchase and development of land on which to relocate farm families. Additional farm families to be relocated during the fiscal year 1942 will require millions of dollars in loans; and if the Army continues to acquire additional land, additional loans will be made for the relocation of farm families during 1943.

In order to provide funds for these two special purposes, it has been necessary to divert the required amount from that which had been planned to be used for loans to the low-income farm families, to which the Farm Security Administration had not heretofore been able to provide this assistance due to limited funds.

If the need and prices for agricultural products continue, it is to be expected that in certain locations many of the farm families which are now being assisted will become self-sufficient; and although they will continue to require farm and home management assistance, they will not require loans to the extent as heretofore. As this transpires, it is planned to limit the program in those areas principally to present borrowers and to the relocation of farm families. This will permit the intensification of the program in those areas where the effect of the defense program has not and probably will not be felt. Also, it will make this assistance available to many thousands of farm families whose annual income and land resources are such that heretofore, with the then prevailing agricultural prices and limited funds, could not be provided. It is desired to make full use of the opportunities afforded by the present good agricultural prices and markets to reach down to those farm families on a level below present borrowers, making available to that group rural rehabilitation loans and farm and home management assistance, to enable them to start be become self-supporting.

It is contemplated that the funds for rural rehabilitation loans will be obtained, as for the fiscal year 1942, through a loan from the Reconstruction Finance Corporation to the Secretary of Agriculture. The loan from the Reconstruction Finance Corporation would be secured by promissory note and trust agreement, similar to those in use during this fiscal year.

Revenue. Of the $564,051,844 loaned to rural rehabilitation clients as of June 30, 1941, $252,697,527 has matured, including principal and interest. The amount of loans approved and amounts collected, interest and principal, for each of the fiscal years during which the rural rehabilitation loan program has been in operation is shown in Table VII. A total of $202,634,600 (principal and interest), or 80.2 percent, of the maturities has been collected. The distribution of these amounts by states is shown in Table VIII. It is estimated that during the fiscal year 1942 approximately $75,000,000 will be collected, and that during the fiscal year 1943 approximately $85,000,000 will be collected.

Project 2. Rural rehabilitation grants:

Objective: To extend direct relief to farm families who are victims of natural catastrophes, such as drought, flood, freeze, crop failure, or insect ravages, and to indigent families living in rural areas who cannot obtain aid from other sources and who, but for emergency grants, would suffer from hunger or disease; to aid standard rural rehabilitation loan borrowers where rehabilitation can be accomplished only by such additional aid, usually where unforeseen emergencies not anticipated in the farm management plan arise; to provide indispensable medical and health services to farm families and agricultural laborers; and to help the low-income farm families purchase materials and equipment to be used in war food production where a loan for the entire cost would not be economically advisable.

The problem and its significance: Past experience has shown that major natural catastrophes such as those which have recently occured in east Texas, Louisiana, Georgia, and South Carolina occur in some part of the country regularly, requiring the administration of direct relief to rural victims. In addition, emergency grants to prevent hunger and disease must be made to thousands of families living in drought areas who are not eligible for rural rehabilitation loans because their land does not contain enough subsoil moisture to justify planting a crop, and to hundreds of families who have migrated from the Dust Bowl regions to the Northwest and Pacific Coast States--many of whom are earning a scanty hand-to-mouth living as farm laborers--and to others who have settled on acreages too small or too barren to support a family. This aid must continue as long as abnormally low incomes and unwholesomely low standards of living obtain for a large percentage of our population. Many other farm families are on the brink of becoming standard rural rehabilitation clients, these being generally those families who have a very low present but substantial future prospective income and earning ability. With some assistance through rehabilitation grants, and substantial aid and assistance through the preparation of adequate farm and home plans, a rehabilitation loan may be made to these families to thereby more rapidly assist them to become self-supporting.

Progress and current program: Farm owners, farm tenants, sharecroppers, farm laborers, and other persons who now live on farms or in farm areas, and who when last employed received the major portion of their income from farm operations, are eligible to receive direct relief. Grants are issued without regard to the availability of suitable and adequate soil resources, and other conditions and characteristics, other than employability. An applicant's need is established when it is determined through investigation that his material and credit resources are inadequate to meet accepted subsistence requirements, to maintain health, or to prevent human suffering; also when rehabilitation can be accomplished only by such additional aid.

Direct relief is administered on investigation and determination of need in individual cases. It is provided to meet emergency needs for food, fuel, clothing, shelter, indispensible medical services, sanitary facilities, and other essential subsistence goods or services. Cash grants average about $20 each. In some cases, where cash grants would either not be feasible, or would not satisfactorily meet the need, grants are made in form of commodities or food stamps. This is especially true in the case of grants to migrant agricultural workers.

As long as droughts, floods, damage by insect invasion, and other natural catastrophes continue periodically to rob thousands of farm families of seed, woodstock, equipment, planted crops, and often their very subsistence, the need for the emergency grant program will continue.

Many farm families whom we are trying to assist through rural rehabilitation loans are located on farms where productivity is low, either because of clearing operations to be completed or because of the depletion of the soil. It will take these families from one to five years to bring the land back into economic production. During these years of development or restoration, the farming operations will not produce enough income to pay the expenses of operation and living for the family. It is therefore necessary to supplement the farm income with a grant for this temporary period. In some instances a livestock program must be developed, and the skill of the family must also be developed before they can become self-sufficient. Sometimes a temporary catastrophe, such as illness in the family, loss of livestock or property, etc. temporarily reduces the earning capacity of the family. In such instances, grants are made to supplement the farm income for the temporary period. This type of assistance is limited in all cases to those families who it appears, with this assistance, will be self-sufficient within five years, and where it has proved impossible to work out a repayment schedule based on farm and home plans in connection with a rehabilitation loan. Under the rural rehabilitation loan program for the fiscal year 1942 and 1943, it is planned to make available that assistance to farm families having an annual income less than that of the present loan borrowers. A large number of these farm families will be such as those described above and will require one or more grants to balance their farm and home plans if they are to become self-sufficient within five years. For this purpose, it is estimated that an increasing amount of grant funds will be required during the fiscal years 1942 and 1943.

To assist the thousands of farm families forced to vacate their land for use by the Army or for other purposes, grants have been and are being made in increasing numbers and amounts for subsistence expenses, moving expenses, and, in many instances, for the initial rent at the new location. Grants for subsistence are expected to be continued as long as the farm family is in dire need. This need is expected to continue during the fiscal year 1942 and, as the Army acquires additional land forcing additional farm families to vacate, an increased amount of funds will be required for this purpose.

In accordance with the authority of Section 2 of the Emergency Relief Appropriation Act, fiscal year 1941, and subsequent Acts, employable recipients of grants are required to perform work on useful public projects, Federal and non-Federal, including work on private or public land, in furtherance of the conservation of natural resources. The recipient is required to execute a "Pledge of Cooperation" as a consideration for the grant. This pledge contains such conditions as will require the pledgor to raise a garden, to perform certain work on his own farm for soil improvement, land clearing, building and fence repair, improvement of sanitary facilities, weed eradication, etc. Performance of such work on the farm of the client in exchange

for assistance through grants, helps to maintain his self-respect and independence and, therefore, exerts a wholesome influence not only on the client, but also on the community in which he lives.

Since July 1, 1935, to June 30, 1941, 6,543,962 grants have been made to 1,029,486 families, in a total amount of $137,337,871. Statements showing the total number of grants, number of farm families receiving grants, and the amount of grant payments made during the fiscal year 1940, cumulative through June 30, 1940, for the fiscal year 1941, and cumulative as of June 30, 1941, by states are shown in Tables IX and X. The number of families receiving grants, exclusive of those receiving grants in connection with rural rehabilitation loans, through June 30, 1941, is shown in Table IV under Project No. 1.

Project 3. Rural rehabilitation services and assistance:

(a) Farm and home management assistance.

Objective: To assist and guide the borrowers in farm and home management practices; to insure the best use of rural rehabilitation loans, and where practicable to render similar aid and assistance to the recipients of grants; and to provide all possible instructions and advice to borrowers producing food and feed for war purposes.

The problem and its significance: Farm and home management assistance is equal in importance to the actual loan in effecting permanent rehabilitation. The nature of the credit advanced to rehabilitation borrowers makes necessary farm and home management assistance which will (1) insure the best use of the loans; (2) enable the borrower to manage his farm successfully under approved agricultural practices and thus be rehabilitated and able to repay the loan; and (3) protect the expenditure of Government funds and prevent loss and dissipation by improper management by the borrower. For years low-income farm families in the South, as in all other parts of the country, have been falling behind because they have been unable to keep up with the rapid advances being made in farming methods. To make a living on a farm today demands a full knowledge of crop rotations, cover crops, fertilizers, methods of terracing, contour plowing, and animal husbandry. Further knowledge is also required in the field of bookkeeping, farm accounting, and budgeting. Now knowledge of this type can be obtained—it is available in our schools and colleges, and it can be learned by those who have sufficient capital to experiment and finance their own practical education. But for the farmers who have access to neither colleges nor capital, knowledge of modern farming methods is very hard to obtain. It is this type of knowledge that the farm and home supervisors of the Farm Security Administration are carrying out over the small farms of the Nation. This is a form of adult education which pays large returns.

Farm and home management supervisors work personally with each borrower and his wife to determine how the rehabilitation loans shall be most judiciously expended and how, through sound advance planning, the loan can be repaid. They cooperate with the clients in the purchase of appropriate equipment, livestock, fertilizers, and other operating goods; give regular and periodic

assistance to clients in planning management practices, including land use, labor use, agricultural conservation, and soil erosion control; advise the use of certified seed, purebred sires, high-analysis fertilizers, and feed rations; advise on livestock management, crop cultivation, feed production, and gardening, home production, preparation and conservation of meat, eggs, vegetables, and milk; clothing preparation, health and sanitation; and regarding participation in group and cooperative services.

While borrowers are required to give security for their rural rehabilitation loans, they are unable to obtain adequate credit from other sources. The security they have to offer would probably not be acceptable to regular credit institutions. Supervision is thus required to protect the expenditure of Government funds and to prevent loss and dissipation by improper management by the borrowers. Assistance and guidance in farm and home management practices greatly increase the borrower's ability so that he will be able to manage his own farm successfully under approved agricultural practices while and after being rehabilitated, and in turn be able to repay the rehabilitation loans.

This assistance is rendered personally and directly to borrowers by Farm Security county farm management supervisors and county home management supervisors. These supervisors, assisted by necessary clerical personnel, work out of 2,252 county offices serving all of our clients in all agricultural counties throughout the United States. These county employees are supervised by district supervisors, who work out of 273 district offices and to whom limited authority has been given to approve loans and grants. Directions, instructions, and policies are received and supervised from state and regional offices.

The county supervisors are required to make personal visits to the farms and homes of borrowers and grant recipients as frequently as their caseload will permit. Usually these visits are at least once every two months. During the fiscal year 1942, approximately 4,327 county farm management supervisors and 2,755 county home management supervisors will be engaged in rendering this service and assistance. The estimate for the fiscal year 1943 would provide for continuing this same personnel.

In addition to rendering this service and assistance to approximately 15,000 more farm families to whom it is estimated loans will be made and to the recipients of grants, these supervisors during the fiscal year 1943 would be required to render this assistance to over 680,000 rural rehabilitation borrowers to whom the Farm Security Administration, and its predecessors, had made loans prior to the beginning of the fiscal year 1943; to the 30,000 farm tenant borrowers who by July 1, 1942, will have received loans under the farm tenacy program; and to the 7,200 farm tenants to whom it is estimated loans will be made during 1943. Thus, with a total loan caseload of over 735,000, to whom this service and assistance must be rendered, each county farm management supervisor would have to carry a caseload of approximately 170 cases, and each county home management supervisor a caseload of approximately 265 cases. In addition to this caseload, each supervisor would have to carry a proportionate number of grant-only cases. To do a thorough job and make as many visits as are desirable, a farm management supervisor should not handle more than 125 cases, and a home management supervisor not more than 200 cases.

The funds for this project will be expended for (a) salaries and travel of regional and state personnel supervising district and county farm and home supervisors in the technical phases of farm and home management and group service assistance to borrowers, and of district and county farm and home supervisors during that portion of their time devoted to rendering farm and home management and group service assistance to borrowers, and necessary clerical help, and other incidental expenses including office facilities.

(b) Investigation of application, and making, collecting, and servicing loans and grants.

Objective: To investigate all applicants for loans or grants to determine their eligibility, and to prevent abuse of the rural rehabilitation program; to protect the Government's investment in borrower families; to insure maximum effectiveness and efficiency in the making and use of loans and grants; to collect or otherwise realize on loans; to service loans and grants; and to comply with the provisions of executive, departmental, and administrative orders defining rural rehabilitation.

The problem and its significance: It is necessary to investigate the need and eligibility of each farm family applying for a loan or grant; to prepare a farm and home plan or a budget to be used as a basis for such a loan or grant and as a guide in the most effective use of the loan by the farmer and his family; to inspect leases for terms of tenure, and search county records for liens and mortgages taken to secure such loans; to service and collect repayments on loans when due from the proceeds of crops, livestock, and livestock products when harvested or marketed; to reinvestigate each borrower on the proposed renewal, extension or supplementing of such loan or grant at the expiration of the period for which originally made; to prepare notes, mortgages, and other evidences of indebtedness offered by borrowers; to repossess and sell chattels and crops of borrowers who abandon their farm operations, or who fail to comply with the terms of their farm plans, budgets, or loan agreements; to make receipts for and remit to the Treasury loan repayments and proceeds of sale of repossessed chattels and crops; and to account for, record, and audit such transactions in county, district, and/or regional offices.

Progress and current program: County rehabilitation supervisors with the assistance of county home management supervisors and necessary clerical aid investigate each individual application for rehabilitation aid. They make one or more personal visits to the applicant's farm and home and definitely determine his eligibility. If eligible and funds are available, farm and home plans, as covered by project 3a, are made for cases applying for loans, or budgets are made for cases applying for grants. These are prepared as guides to assure the most effective use of the loan or grant. Before a loan or grant is made, favorable recommendation must have been submitted by the county supervisor and approved by the district supervisor. The county supervisor is then responsible for carrying out all the other functions stated above under "The Problem and Its Significance."

These county supervisors are the same personnel as discussed under "Farm and Home Management Assistance." The work, although somewhat different in character, is done by the same people. Under this program, as under the

other, these supervisors work out of 2,252 county offices and service all clients on the rural rehabilitation loan and grant programs being carried on in every agricultural county in the United States. These county employees are supervised by district supervisors who work out of 273 district offices and to whom limited authority has been given to approve loans and grants. Directions, instructions, and policies are received and supervised from state and regional offices. All collection records are maintained in the regional offices where very close supervision and analysis is given to loan cases. The caseload burden and number of supervisors as set forth under "Home and Farm Management Assistance" equally applies to this project. The full time of this personnel is devoted to these two projects. However, whereas under "Farm and Home Management Assistance" assistance is rendered to all loan and some grant cases, the functions under this project are applicable to all loan and all grant cases.

Funds for this project will be expended for (a) salaries and travel of regional and state personnel supervising personnel in district and county offices and of district and county employees directly engaged in the work of investigating applications for assistance, in obtaining and recording of security instruments, in effecting renewals and extensions, in making collections, issuing receipts, and remitting repayments to the Treasury, in making necessary repossessions and resale of mortgaged property; and for salaries of necessary clerical help, and (b) other incidental expenses including office facilities, equipment and supplies.

In view of present agricultural prices and expected farm income, due to the defense and war program, it is expected that upward of $75,000,000 will be collected during 1942, and if the defense program continues, upward of $85,000,000 during 1943. The amount estimated to be collected during each of these fiscal years will depend in large measure to the availability of farm management supervisors to actually make these collections. It is our considered opinion that the continued investment at this time in farm management supervisors will mean substantial increases in the amounts to be collected during those fiscal years many times in excess of the amount to be expended for that purpose.

Project 4. Farm debt adjustment:

Objective: To carry on voluntary farm debt adjustment activities between farm debtors and their creditors in order to bring about a better relationship between the debt burdens of farm families and their ability to pay debt, and to give creditors an opportunity of realizing some return from their investments and claims; to carry on tenure improvement activities between farm families and their landlords and real estate mortgage holders in order to bring about more secure tenure, better living conditions, improved relationships of families to land, conservation of soil resources and protection of the investment of landlords and holders of real estate mortgages.

The problem and its significance: A large number of farmers eligible for rehabilitation services as well as many farmers in higher income brackets have burdensome debts, which they are unable to pay. Many of these debts

were contracted during the era of high prices for produce and farm land and could not be met following the depression of prices and became frozen assets to the creditors. These debts include grocery and clothing bills, medical and veterinary bills, feed, fertilizer, and equipment bills, and chattel and real estate mortgages or interest thereon. Such a reduction is necessary in many cases in order to make a sound loan to a borrower or place a farmer in a position where he can operate his farm without danger of foreclosure.

Excessive or poorly arranged indebtedness, and insecure or inequitable tenure arrangements preclude the development of farm family programs that will permit the maximum use of human and soil resources. The production of food and fiber which is necessary in the country's war program is hampered because thousands of farm families are unable, because of excessive debts and inadequate tenure arrangements, to develop farm programs that will permit them to assist in agriculture's part of the war effort and maintain healthful standards of living.

Progress and current program: Adjustment of debts is effected voluntarily by extension, reduction, refinancing, or otherwise, according to the farmer's ability to pay as determined by his individual circumstances and an analysis of his business. Adjustment of tenure arrangements is effected voluntarily by the adoption of more adequate and equitable leases, by the revision of present lease contracts, and by the adjustment of real estate mortgages and land purchase contracts with a view to obtaining more security and permitting the proper utilization of human and soil resources.

Farm debt adjustment negotiations are carried on by state and county committees of local citizens appointed by the Farm Security Administration. The FSA acts as an intermediary in selecting, organizing, appointing, and training the local committees, and in bringing the farmers and their creditors and landlords together in an atmosphere of mutual friendliness.

At the beginning of the fiscal year 1941, there were more than 11,500 committee members engaged in this work in over 2,900 counties. The number of these committee members has now been increased to approximately 12,000 who are actively engaged in this work in slightly less than 3,000 counties. The activity and scope of work of these committeemen were increased during the fiscal year 1941, and are expected to be further increased during the fiscal years 1942 and 1943. A county committee, composed of three active members, has been formally appointed in each county in which the rehabilitation program of this Department is operative. These county committeemen receive compensation of $4.50 per day when engaged in carrying out their responsibilities under this program. This compensation includes all travel expenses incurred by them in connection with this work. Their activities are supervised and coordinated by Farm Security district and county rehabilitation supervisors and by farm debt adjustment and tenure specialists. In many instances, the district and county supervisors assist in bringing debtors and creditors together and, by personal visits, assist in bringing debtor cases before the committee. They also visit creditors when called upon to do so. The debt situation of the prospective rehabilitation client may have an important bearing on the probability of his success in obtaining a self-reliant position.

The debt and tenure situation of almost all prospective rehabilitation borrowers and many other farmers is such that they cannot hope for success unless some adjustment is made in their debt schedules and/or tenure arrangements. The adjustment of debts and/or tenure arrangements is necessary if a farm program is to be developed that will permit the farmers to continue in business and repay their obligations.

In the past, these committees considered for adjustment only those debts of farmers where the case was presented to them by the farmer, the creditor, or the Farm Security Administration--i.e., those cases where their services were solicited. The Farm Security Administration now requires that the financial condition of every prospective client having outstanding debts and obligations be reviewed by the committee before consideration is given to the making of a loan to the applicant. It is necessary, therefore, that the committee effect a satisfactory reduction in the applicant's debt, and arrange for an adjustment of the balance thereof to within the client's ability to repay on the basis of normal income-producing probabilities of the farm. Payment of the debt on the adjusted basis is provided from the probable income as shown in the farm and home plan.

In addition to these services furnished to individual farmers, the group debt adjustment program, set up to help farm community organizations such as drainage or irrigation districts, has made substantial progress in reducing and adjusting, through friendly negotiations and reorganizations, the overburdened debt of such organizations.

As of June 30, 1941, 178,737 farm families had reached agreements with their creditors for scaling down debts totaling $493,055,104. Adjustments totaled $118,928,859, or about 24.1%. In addition to the voluntary reductions, the terms of debt contracts, many of which it was not necessary to scale down, have been so revised as to permit payment over a longer period of time, or at a reduced interest rate. In many other instances farmers have been assisted in selling portions of their property to bring their capital structures into line, have been assisted in refinancing present indebtedness, or have been helped in other ways. These adjustments have been the direct cause of many farm families keeping their homes and have, in almost all cases, removed a deterrent to the working out of an adequate farm program. They have enabled creditors generally to realize more on their claims than would have been possible if court action had been resorted to. As a direct result of farm debt adjustment activities, farmers have paid more than $5,594,140 in back taxes to local governmental agencies.

An associated and very closely related problem has received our careful attention and active efforts during the fiscal year 1941; to which it is planned to give particular attention during the fiscal years 1942 and 1943. This is the problem of improving the tenure arrangements of farm families. We find that 70% of our rural rehabilitation families and borrowers are tenants. Thus, it is deemed essential that one of our first efforts, with the assistance of the committees, is to work out satisfactory tenure agreements, or improvements in those which occasionally may be found to exist.

In most instances, there are no written or long-term leases. This, in itself, is one of the main causes for the annual moving of tenants from place to place, and the accumulation of debts which must be eventually adjusted if the farm family is to have a chance to rehabilitate itself. In order to help the tenant arrange for a satisfactory long-term written lease, to the mutual benefit of all parties, the rural supervisor goes with the tenant to his landlord and helps them draw up a long-term written lease. To assist in this, the Department has prepared several model lease forms which may be used by the landlord and tenant. Through the execution of these leases, the tenant knows he will be on the same place for several years. He can plan three or five-year crop rotations to build up the soil, and can afford to make repairs to the property because he knows he will get use out of these improvements. In many instances, the lease provides that permanent improvements will be constructed through the mutual efforts of the landlord and the tenant--the landlord paying part of the cost. It is to be expected that, as a result of this program, the tenant will have greatly improved his security of tenure; and after his present debts are satisfactorily adjusted, through the assistance of a rural rehabilitation loan, start effectively to rehabilitate himself and his family.

These funds will be expended for (a) field salaries for supervisory personnel in regional, state and local offices, and for more than 12,000 state and county committee members in approximately 3,000 counties; (b) travel for field personnel in directing the activities of the local committees through personal visits; and (c) other incidental expenses including office facilities, equipment, and supplies.

Project 5. Rural rehabilitation projects, including technical services:

Objective: To make certain additions to and alterations in rural rehabilitation projects presently being administered by the Farm Security Administration; to develop good agricultural land previously acquired by the United States; and to provide work for unemployed workers through useful land development work projects.

The problem and its significance: Under the authority contained in the Emergency Relief Appropriation Acts of 1935 through 1938, the Farm Security Administration and its predecessor, the Resettlement Administration, purchased land and constructed resettlement and suburban projects. A complete report on the development and operation of these projects, now under the jurisdiction of the Farm Security Administration, is submitted with and made a part of this justification.

At the close of the fiscal year 1938 most of the projects had been substantially, if not fully, completed. In the last three years, however, during which time the Farm Security Administration has been operating these projects, that Administration found that certain additional items of construction and development were required in order to round out and otherwise make the project complete and provide the necessary facilities for the occupants. Most of these items were in the nature of relatively small additions and betterments to the present properties, such as adding on an additional room to houses which when built did not provide adequate rooms

for a farm family; the addition of necessary barns, outbuildings, poultry houses, etc.; the completion or the construction of road systems necessary for the ingress and egress of the farm families; the construction of school facilities at locations where no other school facilities were available within reasonable traveling distances; and the leveling, clearing, and ditching of land necessary in order to provide the required acreage, irrigation, and drainage for efficient and economic farming.

Several of the projects constructed for part time industrial workers by the Subsistence Homesteads Corporation were transferred to the Farm Security Administration. These projects are composed of units of relatively small acreage, inadequate for full time farming. At best, the occupants are able to raise their own subsistence. It had been hoped that they would also be able to find part time employment in industries which were expected to be established in the locality. This, however, did not materialize on the expected scale. While some of the occupants found employment anyway, a large number of them did not. Hence, it is necessary for the Government to step in with a work program. Otherwise the unemployed project occupants have to move away from the project, only to be replaced by others who will eventually find themselves in the same condition. In addition to being useful and necessary for the betterment of the project, the Government's work program provides project occupants with sufficient employment and income to permit them to maintain an acceptable standard of living until such time as they do find work.

Progress and current program: The major land development and construction work on the resettlement and suburban projects, under the jurisdiction of the Farm Security Administration, have been completed substantially in accordance with the plans that were designed for the projects. During the fiscal year 1941, some relatively small additions and betterments have been made to these projects. With the funds available for the fiscal year 1942, and under the estimate as submitted for this purpose, it is planned to make further additions and betterments to these projects. This is the only source of funds which is available for such work, inasmuch as all income collected from these projects may only be used for the operation and maintenance of the projects and not for additions and betterments thereto. During the fiscal year 1943, it is planned to make similar improvements, more particularly for the completion of roads now impassable, and the leveling, clearing, and ditching of land, but a large portion of the needed improvements will be deferred until after the War.

Special and work relief projects were operated during the fiscal year 1941, and are being operated at the present time, to provide work in the form of useful land development and minor construction work projects for part-time industrial workers located on subsistence homestead projects. The work which has been and is presently being carried on, although not essential, is highly desirable and will contribute to the future earning ability of the occupants and will permit them to enjoy additional facilities and accommodations. During the fiscal year 1943, it is believed that such projects will not be required to the same extent as in previous years, in view of the expected continued increase in employment due to the defense and war programs.

Project 6. Migratory labor camps, including technical services:

Objective: To manage, operate and maintain the full time migratory labor camps, seasonal camps, mobile camps and labor homes previously constructed, and to develop additional camps and related facilities which will afford needy migrant agricultural workers an opportunity to live in decent surroundings by providing minimum living quarters, and in some cases a small plot of land for subsistence needs; by making available kitchen, laundry and sanitary facilities; by conducting clinics, nurseries, isolation units and repair shops; and by restoring a form of community, social and self-governing life through the erection and supervision of recreation halls, utility and assembly buildings. To rationalize and conserve the farm labor supply in and between areas of intense food production, to make possible more continuous employment for workers, increasing their income and providing more effective use of their efforts in agricultural war production.

The problem and its significance: The best unofficial estimates place the total number of migrant families engaged in agricultural labor at approximately 500,000. As many as 200,000 families are following the crops from Arizona and California up the Pacific Coast to Oregon, Washington and Idaho. In Texas, New Mexico, Oklahoma, and Arkansas the number of migrant families working in the cotton, wheat, citrus and truck crops has been estimated at well over 100,000. The remaining migrant families find their chief employment along the Atlantic Seaboard, from Florida to New Jersey, in Missouri, Ohio and Michigan, or in the beet fields of Colorado and Montana.

A typical migrant family may travel 3,000 miles a year, trying to pick up a few days' or several weeks' work in the various field and orchard crops. Such families probably have the lowest living standards of any group in the United States. Their incomes average between $200 and $450 a year. They have no homes except temporary roadside or ditch-bank camps, often without any kind of sanitary facilities or even a decent water supply. Traveling in automobiles packed with tents, bedding and a few simple household utensils, these nomadic families "follow the crops" and the children as well as the men and women work and pick in an effort to earn enough to remain self-sustaining. These children have no chance for education, adequate medical care or normal community life. Malnutrition and disease are common among both adults and children.

The general depression, loss of markets, droughts, dust storms and insect ravages caused thousands of owners, tenants and laborers to be dispossessed. The peak of this upheaval was highest from 1933 to 1936. More recently the increased use of heavy farm machinery, especially in the southern and southwestern cotton growing regions, has become the important factor in displacing tenants and sharecroppers. In Texas, for example, the number of tractors used in farming increased from 9,000 in 1920 to 99,000 in 1937 -- and it is estimated that every tractor took the place of from one to five tenant families. A few years ago in one Alabama county there were but eight farm tractors; three years later there were 260 tractors in that same county and each was estimated to have forced two families off the land. Most of these displaced families were forced to become wandering laborers, because they could find no other way to make a living in either agriculture or industry.

This tremendous upheaval has increased the migrant population and vastly changed its racial elements as compared to preceding eras. The migratory laborer of today is far different from the "blanket stiff" or "hobo" who followed the wheat harvests and worked in lumber camps a few years ago. Today's drifting worker travels by automobile with his family and children. Now, about 85 percent of these migrant families are from native-white American stock. They have largely replaced the Mexican, Filipino, Japanese, and Chinese workers who once supplied the bulk of the seasonal labor which is necessary in the industrialized farming areas. Many of these migrants were once relatively prosperous farm owners, who were driven off the land by repeated droughts in the so-called Dust Bowl and northern Great Plains region. Others were tenant farmers or share-croppers who have been displaced by the growing mechanization of agriculture.

Careful surveys indicate that the great majority of these families have become migrants only recently. Almost one-half of them had lived for 20 years or longer in the states from which they came, and only 17 percent had lived for less than 5 years in their states of origin. The heads of these families are men in their best working years. The average age for all heads of households is 33 1/2 years. Only 7 percent were 55 years of age or older. The average family in this group consists of 2 adults and 2 or 3 children.

In order to understand this type of worker better, it is necessary to know the conditions that have brought about the need for such labor and to examine the changes in the cultivation and growing of crops requiring peak labor needs at particular seasons and places. California, because it has led in the development of large scale, mechanized and industrialized farming, and set the pace for similar methods and techniques elsewhere, is considered in the following description, but observation will reveal like conditions in all intensive crop states, and a general expanding trend of these conditions.

The present labor situation in California becomes apparent when one considers that in 1879 only four percent of California's total paid farm workers were engaged in harvesting intensive crops while fifty years later more than 75 percent of that same laboring class was so engaged. Records of several large scale farms show that while twenty acres of hops required only 12 men during the growing season, between 450 and 500 men are required during the harvest. Similar conditions exist in the deciduous fruit crops. On a 2,000 acre peach farm, only 30 regular employees are used while 200 to 250 men are added during the pruning period, 700 are needed for thinning, and 1,000 more added for picking.

Changes in irrigation methods have brought about the shift from field crops to the growing of higher yielding crops that require large numbers of workers during the harvest. Since that change began, crop production has increased until now more than 100 different crops, harvested with peak labor needs, are marketed in carload lots. The harvesting of these crops has brought about a top labor need that is an economic necessity. So long as agriculture follows its present trend, migratory labor must play an important part and it must be dealt with as a recognized part of the agricultural system.

In areas of intense food production, it is essential to fully utilize the efforts of farm workers in agricultural war production. By providing a pool of workers, each individual can be shifted from employer to employer so as to get more complete employment on each day of the week. Workers who are scattered over a considerable area and housed on individual farms get less employment per day and fewer days' work per week. By fully utilizing the pools made possible by camps the full efforts of the worker are employed in war production and his weekly earnings increased.

The appearance of this huge migratory army has created grave social and economic problems for both State and Federal Governments. Some of the most serious problems are in the fields of health, housing, and education.

Health: The crowded, unsanitary conditions under which most migrants are forced to live, with little or no medical attention, constitute a health menace both to themselves and to the communities in which they live. There is constant danger of epidemics, particularly of typhoid, scarlet fever, and smallpox.

In the summer, there is a sharp increase in child mortality among the migrants as a result of eating unripe or unwholesome fruit, and drinking contaminated water. In the winter, there is a sharp rise in pneumonia, influenza, and pulmonary diseases, since the migrants rarely have adequate clothing or shelter.

The constant movement of these families creates a year-round danger of the spread of communicable diseases -- especially tuberculosis, syphilis, malaria and infantile paralysis.

Housing: The following are excerpts from the reports of trained investigators, who recently made a study of housing conditions in the states with the most serious migratory problems:

1. California: In Imperial Valley in a typical ditch-bank camp, dwellings were constructed of old tents, gunny sacks, dry goods boxes, and scrap tin. All the shacks were without floors -- very dirty and swarming with clouds of flies. No sanitary facilities and backyard used as toilet. Irrigation ditch half-filled with muddy water used for all purposes.

2. Florida: Typical housing for migrants: Fourteen-room shelter, each room containing a family numbering from 2 to 10 people, each room renting for $1.50 per week. During the 8-month season the landlord receives $819. The cost of building this shelter was $400. For each 4 to 8 such shelters, the common practice is to have a single open-pit toilet.

3. Arizona: Cotton-picking season: Housing consisting of deserted chicken sheds and a barn. Eight or ten families lived in the barn with rough rag partitions for privacy and slept on the bare dirt floor. No toilets at all.

4. New Jersey: Housing consists of crude barracks, particularly in the cranberry bogs, designed to house 10 to 30 families. Absolutely no comforts or conveniences. No bathing or laundry facilities.

5. Michigan: In the onion fields, families were noted living in sheds which had been put up originally to house ducks.

6. Texas: During the harvest season, the community becomes an open camp with a huge fluctuating migrant population deprived of facilities for washing, bathing, cooking. "Jungles" spring up as seasonal suburbs.

Education: Migrant children have little or no opportunity for even a minimum of education. Usually they cannot attend classes, because they have to work in the fields with other members of the family. Moreover, few communities provide adequate school facilities for migrant children, since they are in a given area only for a few weeks a year.

Even where school facilities do exist, migrant children must interrupt their attendance every few weeks, as the families move on to another locality. Under such circumstances, satisfactory education is virtually impossible.

Progress and current program: A great part of the "migrant problem" lies back in the areas from which the wanderers have come. The measures which the Farm Security Administration is taking to increase security of tenure and to help farmers climb to individual ownership are an attack on the migrant problem at its source. But there remains the immediate distress of the thousands of wandering farm families; and it is recognized that if mechanized farming is not to be abandoned entirely, a large group of migrants must continue to follow the crops. These people need decent shelter, better routing into areas where jobs can be found, some chance to educate their children, and if possible steadier and more localized employment.

The Farm Security migratory labor camps were set up to provide temporary shelter and essential sanitary facilities for the families following seasonal farm work. A typical camp provides a minimum of decent living facilities. It usually consists of 200 or 300 small shelters or platforms on which the migrants can pitch their tents, and a utility building containing shower baths, toilets, and laundry tubs. It also has an isolation unit for contagious diseases, a nursery, first aid room, child clinic, and office and living quarters for the camp manager, and possibly an assembly building.

A migrant family usually stays in a given camp only as long as it can find work in the vicinity, usually from a week to three months. In some instances, however, a limited number of low-cost labor homes have been built adjacent to the camp for such workers as can find fairly continuous employment in the neighborhood. Such homes are equipped with gardens which enable the occupants to supplement their income by raising some of their own foodstuffs. These labor homes constitute an effort to stabilize a small part of the army of migrants, by giving a few families an opportunity to settle down with relatively steady work.

Small mobile camps have also been developed which can be moved by truck and trailer from one area to another as the migrant families follow the crops. Each mobile camp has been designed to provide facilities for approximately 200 families, including tent platforms, electrical and water systems,

privies and roads. The manager's headquarters, the showers, clinic, and the power, pressure and laundry units have been built on trailers. These mobile camps operate at three or four different sites during the crop season where there are heavy concentrations of agricultural laborers, but practically no housing facilities.

A manager employed by the Federal Government supervises the camp; but many details of camp government are handled by a council, elected by the camp residents. Voluntary committees usually are formed by the residents to handle child welfare and kindred problems. Most camps also have "good neighbor" committees, whcih provide food and clothing for the neediest families. Such committees have kept hundreds of distitute migrants off the local relief rolls.

At the close of the 1941 fiscal year, the Farm Security Administration had provided 5,375 tent or trailer platforms, 1,036 tent houses, 6,754 shelters, and 2,168 labor homes, which afford facilities for 15,333 families, or accommodate approximately 64,500 people at any one time. The names and locations of the individual camps, the family units already made available, the acreages and costs of the land involved, the other development costs, and the total capital investments through June 30, 1941, are shown in Table XI.

During the fiscal year 1942, it is planned to construct the following additional facilities: three standard camps, six light-construction camps, and thirty-six mobile camps; as well as to expand the number of family units on certain of the existing camps. The states in which it is planned to develop these additional facilities, the number and types of family units to be provided, and the estimated development costs are shown in Table XII. When the 1942 program is completed, it is estimated that an additional 5,920 tent platforms, 820 tent houses, 430 shelters, and 251 labor homes, or accommodations for an additional 31,168 people at any one time, will be made available.

The operation, maintenance, and management of all these camps will cost approximately $2,176,565 during the fiscal year 1943. This 1943 estimate of $2,176,565 will provide for all expenses, including management, operation, maintenance, repairs, taxes, and insurance in connection with the 22,754 family units which will then be in use, together with all utilities and other on-site services. Based upon actual experience, the annual operating cost of these camps will average about $96 per family unit. The average occupancy for the shelters and tent platforms has been 57 days, whereas the average occupancy for the labor homes has to-date been slightly less than two years. After allowing for normal vacancies between crop seasons, it is estimated there will be 87,740 families, or 367,700 persons, in occupancy during the fiscal year 1943. The operating costs, excluding all revenues, will therefore be approximately $24 for each family, or $6 for each person served.

An additional $600,000 will be required for administrative and supervisory services and related obligations incidental to the over-all supervision and off-site servicing of this program in Washington and in the field.

The remaining $733,435 of the $3,500,000 estimate will be used for the purpose of completing during the fiscal year 1943 development work started during the fiscal year 1942, and for making miscellaneous improvements on certain

camps already in operation. It is not contemplated that the limited funds available for development will permit the construction during the fiscal year 1943 of any standard migratory labor camps. Under this estimate, it is proposed that any extensive increase in the number of migratory labor camps to be developed will be deferred until after the present war emergency.

Occupants of the labor homes are charged a fixed monthly rental ranging from $6 to $15 per month. The camp managers are required to pay a rental of from $15 to $35 per month. Other camp employees are charged for the shelters or labor homes used by them, commensurate with the facilities afforded.

The total income anticipated from these sources during the fiscal year 1942 is $136,000, and for the fiscal year 1943 such income will probably total $170,000. These funds will be deposited into a receipt account with the United States Treasury and warranted to a trust fund (Appropriation 12X8000 - "Operation and Maintenance of Resettlement and Rural Rehabilitation Projects, Farm Security Administration") from which expenditures may be made in accordance with the Bankhead-Black Act of June 27, 1936.

All camp occupants pay from ten cents a day to one dollar a week into a general fund which is administered by the camp committee and the camp manager. This fund is used for incidental expenses and various activities for which Federal funds are not provided. All payments from this fund are made by check and the accounts are subject to audit by Farm Security representatives.

In addition to these nominal charges, all occupants are required to contribute from two to four hours each week for general clean-up and maintenance work.

Project 7. Water utilization projects, including technical services:

Objective: To provide needed water facilities for farm families in arid and semi-arid areas.

The problem and its significance: The proper utilization and conservation of available water is essential to the stabilization of farming and ranching activities in most of the arid and semi-arid areas, principally in the western and southwestern portions of the United States. Such facilities are important factors in the efforts of the Government in providing for the long-range welfare of the people living in the area. (A more detailed statement of the problem and significance of the water facilities program may be found under the appropriation "Water Facilities, Arid and Semi-Arid Areas").

Progress and current program: The work is accomplished through careful planning of the areas in which the supply of water is either inadequate or limited, and the construction or repair of the necessary facilities for water storage, conservation, and utilization, including dams, reservoirs, installation and laying of pipe lines, well digging, and drilling. These facilities are provided through the making of direct loans and supplementary grants. The funds made available for water facilities under this appropriation are used to provide loans and grants to low-income rural rehabilitation farm families. In essence, the water facilities loan and/or grant is, to a large extent, a major

factor in and part of the rehabilitation of farm families eligible for rehabilitation assistance and located in the arid and semi-arid areas. None of the funds available under this project are used for loans and/or grants to other than low-income farm families.

In most instances, the required labor is done by needy farm laborers, tenant farmers, needy farm owners, and relief laborers living in the areas wherein the work is prosecuted. The work is done under the supervision of competent engineers of the Soil Conservation Service. Appropriate farm and home management plans, security documents, and other contractual arrangements are negotiated and completed under the supervision and direction of the county rehabilitation supervisors of the Farm Security Administration. Notes and mortgages, taken as security for the work, are accounted for and collections made against them by employees of the Farm Security Administration.

Of the $1,810,000 estimated for this purpose for the fiscal year 1943, $390,000 would be made available by direct appropriation, and the balance, $1,420,000, by loan from the Reconstruction Finance Corporation, in the same manner as provided for under rural rehabilitation loans. Of the $390,000 to be provided by direct appropriation, approximately $150,000 will be used for grants to supplement the loans made under this program, and the balance, $240,000 for handling financial, economic, and farm management phases of the program. It is not contemplated that any portion of the money made available for this purpose will be expended for departmental employees or expenses.

Project 8. Administrative expenses:

Objective: To administer the rural rehabilitation programs as provided for by Executive Order and under this and prior Acts.

Progress and current program: The funds made available for this purpose have been used, and are planned to be used, for administering the rehabilitation program as provided for under other projects of the Appropriation "Loans, Grants, and Rural Rehabilitation". During the fiscal year 1941, the Farm Security Administration, to which the major portion of the funds under this project was made available, has administered this program through a decentralized organization into twelve regions and a central office in Washington. Ninety-five percent of the personnel is located in the field, and the remaining five percent in Washington. At the beginning of the fiscal year 1942, the rehabilitation program was extended to the Virgin Islands and to Puerto Rico. In order to properly administer the program at those locations, the Farm Security Administration has established a new region encompassing these two locations.

In addition to administering and performing the necessary functions for the rehabilitation programs provided for during each fiscal year, it is necessary that adequate accounting records, client files, and other records be maintained and services rendered in connection with all loans and other programs which have been made or started, respectively, with funds available under prior appropriations. The volume of this work is constantly increasing and accumulating each year. Adequate servicing and handling of all problems in connection with these accounts and program items must be promptly and

thoroughly handled in order to protect the Government's interest therein. It is expected that this work will continue to expand and to require increased administrative services during the fiscal year 1943. In particular, it will be necessary to expand the personnel and other facilities of the new regional office established to administer the program in Puerto Rico and the Virgin Islands. It is reasonably expected that the administrative work of this office will be increased very rapidly as the new rehabilitation program gets under way, and the work of other Government agencies at those locations is transferred to the Farm Security Administration.

PASSENGER-CARRYING VEHICLES

The replacement of twelve (12) passenger-carrying vehicles, as indicated in this estimate, contemplates the trade-in of 1938- and 1939-model vehicles which will have been operated by January 1, 1943, over 60,000 miles each, which is the estimated economical life expectancy. The average cost is $750 per sedan, and $950 per station wagon, f.o.b. destination and, based on the prices received, either cash offer or trade-in allowance, the average value of each car being traded in is $90.00. The gross purchase price on this basis is $9,800.00 less trade-in value of $1,100 resulting in a net cost to the Government of $8,700. The cost of operating the ninety-one (91) vehicles is based upon an average annual usage of 25,000 miles at an average cost of $.02 per mile for gasoline, oil, tires, and repairs.

The seventy-nine (79) old vehicles to be operated and the twelve (12) new vehicles to be purchased, will be used for the transportation of personnel traveling from the regional and Washington offices for extensive travel throughout the regions, and for the transportation of project personnel such as Farm Management Supervisors, Project Nurses, Home Management Supervisors, etc., within the project area in the administration of their official duties.

The passenger-carrying vehicles assigned for operation from the Washington and regional offices are driven to points in rural areas not served by common carrier. The vehicles are not assigned for operation by any particular individual or group of individuals but are operated on the basis of a pool with transportation being furnished from the pool to those individuals traveling to such rural points. By exercising a moderate control over the itineraries of travelers, a number of officials can be transported in one car.

WATER CONSERVATION AND UTILIZATION PROJECTS

The Budget schedule reflects obligations for 1942 and estimated obligations for 1943 under the funds transferred to the Department of Agriculture from the appropriation "Water conservation and utility projects, Act Aug. 11, 1939, as amended (Reimbursable)," (Dept. of the Interior) under authority of the following deficiency appropriation acts:

Additional Urgent Deficiency Appropriation Act, 1941	$ 580,000
Second Supplemental National Appropriation Act, 1942	1,500,000
Total Transferred, 1941 and 1942	2,080,000

These transferred funds were provided to enable the Secretary of Agriculture to carry out his responsibilities under the Wheeler-Case Act, approved October 14, 1940, which was passed "for the purpose of stabilizing water supply and thereby rehabilitating farmers on the land and providing opportunities for permanent settlement of farm families."

The Budget includes no estimate for additional funds for fiscal year 1943, but reflects estimated obligations in that year of $660,000 unobligated balances of the 1942 transfer.

PROJECT STATEMENT

Projects	1941 (actual)	1942 (estimated)	1943 (estimated)	Increase or Decrease
1. Surveys and investigations.	- -	- -	$136,930	$+136,930(1)
2. Acquisition of land for projects.....	- -	$992,952	- -	-992,952(2)
3. Land Improvement and development.....	- -	279,428	74,780	-204,648(3)
4. Planning, management, and administration.....	- -	110,120	303,250	+193,130(4)
5. Operation, maintenance, and repairs during construction.....	- -	- -	72,792	+ 72,792(5)
6. Payments in lieu of taxes during construction.....	- -	- -	30,600	+30,600(6)
7. Insurance on improvements during construction.....	- -	- -	13,100	+13,100(7)
Total.....	- -	1,382,500	631,452	-751,048
Transfers as shown in budget schedules.....	- -	37,500	28,548	-8,952
Net available.....	- -	1,420,000	.660,000	-760,000
1941 unobligated balance, available in 1942.....	+580,000	-580,000	- -	
1942 funds reserved for obligation in 1943.....	- -	+660,000	-660,000	
Transfer from "Interior Department Appropriation Act".	-580,000	-1,500,000	- -	
Total Appropriation.	- -	- -	- -	

INCREASES AND DECREASES

There is an apparent decrease of $1,500,000 in funds available under this item for the fiscal year 1943. However, after taking into consideration the unexpended balance of the appropriation for the fiscal year 1941 (580,000) available for obligation in 1942, and the amount reserved out of the funds available during the fiscal year 1942 ($660,000) for obligation in 1943, there is an actual reduction of $760,000 in funds available under this item for 1943, consisting of a decrease of $8,952 in transfers, and:

(1) An increase of $136,930 for surveys and investigations to obtain essential information relative to the agricultural and economic feasibility of suggested and potential water conservation and utilization projects in order to develop a "shelf" of useful projects for the post-war period.

A large number of recommendations are currently being received by the Bureau of Reclamation and by this Department for the development of projects under this program in arid and semiarid areas of the United States. It cannot be determined in advance which, if any, of these will result in feasible proposals, and many suggested projects might be investigated for one which is actually recommended. The Department's activities have been seriously hampered by lack of funds with which to make advance investigations of projects submitted by the Bureau of Reclamation or from other sources. The Bureau of Reclamation is engaged in the investigation of potential irrigation projects, and has requested and urged this Department to investigate these possible projects from an agricultural and economic standpoint to determine the Department of Agriculture's participation, as required by section 3a, section 5, and section 6 of the Act of October 14, 1940.

Funds requested under this item are to be used for advance and general surveys as compared with specific planning for approved projects. This item provides for general engineering advance surveys to support the economic and agricultural investigations and to provide estimates for the cost of land development.

The following information will be compiled for each suggested project investigated: agricultural, economic, and social history; proposed irrigation development; present population and economic status; land available for resettlement; soils and climatic data; present use of land in project area; status of land surrounding proposed area; tax status; markets; transportation facilities; available utilities; schools; social facilities; agricultural development; and estimated costs. In order to develop a "shelf" of projects for the post-war period, it is intended to make preliminary surveys of approximately 25 projects during the year.

(2) A decrease of $992,952 for the acquisition of land for the fiscal year 1943. It is not contemplated that any additional land will be purchased during the fiscal year 1943, and that future land purchases for this program will be largely deferred until the post-war period.

(3) A decrease of $204,648 for land improvement and development for the fiscal year 1943. This decrease will be effected by deferring the greater portion of the required land improvement and development work on any new projects, and curtailing such work on presently approved projects for the duration of the war.

(4) An increase of $193,130 for planning, management, and administration of those projects already approved and presently being developed, and those additional projects which it is contemplated will be approved during the fiscal years 1942 and 1943.

This will enable the settlement of these projects on a sound agricultural basis, and the extension of guidance and advice to settlers thereon in matters of farm practice, soil conservation, and land use. This function is made the responsibility of the Secretary of Agriculture by section 5(a) of the Act of October 14, 1940.

The areas affected by these projects are in fact almost isolated from all industry except agriculture and, except for the departure of a few agricultural workers to obtain employment in defense industries, the problems of relief and the chronic needs in these areas are just as acute as formerly. Fundamentally, the basis of this program is the development, conservation, and utilization of land and water in a manner that provides for the greatest possible number of family-sized self-sustaining farms. The management of the land and water resources is to stabilize agricultural development and income, and to provide a sound foundation for industry, transportation, etc.

Planning and management of these projects consist of the appraisal and acquisition of land and the study of agricultural and resource planning before and after irrigation; preparation of farm plans; unit subdivision; family selection; study of use of dry land and grazing land in connection with irrigation units; best utilization of labor to meet relief needs; and tax and public finance studies and readjustments.

(5) An increase of $72,792 for operations, maintenance, and repairs of project facilities and property during the development and construction period.

It is necessary to operate and maintain, as requested by the Secretary of the Interior, water conservation and utilization projects after the irrigation construction phase has been completed and for an initial period after development. This function, based on cooperative agreements with the Secretary of the Interior, is made the responsibility of the Secretary of Agriculture by section 6 of the Act of October 14, 1940.

Following general reclamation practice, it is planned to provide the deficiency of income from normal operation until the farmers are established and are able to carry the burden of the costs, by furnishing maintenance of irrigation structures, operation of dams and pumping plants, and proper distribution of water.

(6) An increase of $30,600 for payments in lieu of taxes for the fiscal year 1943 on land which has been acquired by the Federal Government.

Agreements between the Government and local political subdivisions provide for the making of payments in lieu of taxes on lands which have been purchased by the Government for this program. These agreements will be entered into pursuant to the Bankhead-Black Act of June 29, 1936.

(7) An increase of $13,100 for the payment of insurance premiums during 1943 on improvements during the construction period.

It is necessary to provide protection through fire and property damage insurance of property acquired or constructed on water conservation and utilization projects. In connection with the purchase of lands, the Government is acquiring some improvements such as home and farmstead buildings, which are available and usable in the program. Since loss of such structures by fire or damage would be a direct loss, these improvements, in keeping with the present policy of the Farm Security Administration, will be covered by fire and property damage insurance.

CHANGE IN LANGUAGE

Inasmuch as no appropriation is contemplated for the fiscal year 1943, the estimate proposes the deletion of the language of this item, which was carried in the Second Supplemental National Defense Appropriation Act, 1942. No appropriation language is required for the purpose of extending the use of the unobligated balances, inasmuch as the original appropriation language provided that the funds appropriated should be available until expended.

WORK UNDER THIS APPROPRIATION

General. The Interior Department Appropriation Bill for the fiscal year 1940 included an item of $5,000,000 for water conservation and utility projects to be allocated by the President to agencies designated by him for the construction of water conservation and utilization projects.

On August 11, 1939, Congress passed the first Wheeler-Case Act (53 Stat. 1418), and this was amended on October 14, 1940, to provide the authorization for the present program. The Act was passed "for the purpose of stabilizing water supply and thereby rehabilitating farmers on the land and providing opportunities for permanent settlement of farm families."

The Act provides for the investigation and construction of irrigation facilities by the Secretary of the Interior and, in pursuance to coopative agreements between the two Secretaries, that the Secretary of Agriculture shall submit a report on each project to the President on the participation proposed by the Department of Agriculture. Responsibilities of the Secretary of Agriculture and of the Department of Agriculture as defined in section 5 (a) of the Act are:

"(1) to arrange for the settlement of the projects on a sound agricultural basis, and, insofar as practicable, the location thereon of persons in need; (2) to extend guidance and advice to settlers thereon in matters of farm practice, soil conservation, and efficient land use; (3) to acquire agricultural lands within the boundaries of such projects, with titles and at prices satisfactory to him (the Secretary of Agriculture); and (4) to arrange for the improvement of lands within the project boundaries, including clearing, leveling, and preparing them for distribution of irrigation water."

Section 6 of the Act provides that the Secretary of the Interior may arrange with the Department of Agriculture "for cooperation in the investigations and surveys of projects proposed under the authority of this Act; and in connection with any such project which is undertaken the Secretary by such cooperative agreements may arrange for such cooperation in the construction or operation and maintenance of the project as he deems desirable."

Section 11 authorizes the Secretaries of the Interior and Agriculture "to perform any and all acts and to make such rules and regulations as may be necessary and proper for the purpose of carrying out their respective functions."

Section 12 authorizes the appropriation to the Department of Agriculture of such sums as may be necessary to carry out its functions under the Act.

Policy statements and working arrangements. Following the passage of the original water conservation and utility section in the Interior Department Appropriation Act for 1940, an inter-departmental committee, composed of representatives of the Department of Agriculture, Department of the Interior, Work Projects Administration and the National Resources Committee (new Planning Board) was set up and continues in general supervision of the Wheeler-Case Irrigation Program.

A letter from Mr. Frederic A Delano, Vice Chairman of the National Resources Committee, to the President, dated May 12, 1939, outlined the purposes for which the appropriation item would be used and recommended the division of responsibilities between the participating agencies

By memorandum of October 14, 1938, "To Federal agencies concerned with relief, rehabilitation, water development, or land use problems in the Northern Great Plains", the President instructed them "to assist in all possible ways in carrying out the cooperative rehabilitation program in the region."

On the same day, the President advised the Secretary of the Interior that (1) allocations from the appropriation would be made for projects individually; (2) that recommendations for allocations would be prepared by the Department of the Interior in accordance with the general policies of the report of the Northern Great Plains Committee of the National Resources Committee, dated October 14, 1938, as summarized in Mr. Delano's letter, and would include the concurrence or views of the Department of Agriculture; and (3) each project recommendation would include a statement of the proposed participation of each Federal agency with an estimate of funds to be allocated to each.

On October 17, 1940, the President informed the Secretary of the Interior that he desired the cooperative arrangement set forth in his letter of June 14, 1939, to continue during the fiscal year 1941.

While the memoranda and letters referred to related specifically to projects under the water conservation and utility appropriation, they have continued to the present as an informal working arrangement between the various agencies participating in the program.

The Department of the Interior through representatives of the Bureau of Reclamation has at various times submitted to the Department of Agriculture projects proposed under the Wheeler-Case Act, requesting investigation and reports on them. The most recent request, to which was attached a summary list of projects theretofore submitted (except approved projects) was contained in a letter of September 2, 1941, from John C. Page, Commissioner of Reclamation, to C. B. Baldwin, Administrator of the Farm Security Administration. A copy of this letter is shown as Exhibit A below.

Within the Department of Agriculture, the Farm Security Administration has been made administratively responsible for all phases of activities under the Wheeler-Case Irrigation Program. Field responsibilities are centered in an area director at Denver, Colorado. Assistance is obtained from other bureaus of the Department, notably the Bureau of Agricultural Economics and the Soil Conservation Service, as to overall planning and land classification, acquisition and utilization.

Progress to date. The original water conservation and utility item in the Interior Department Bill for the fiscal year 1940 carried an appropriation of $5,000,000. A list of projects approved by the President under this authorization, and the allocations which have been made to each agency for the projects (funds for the Department of Agriculture are made available by transfer from the Department of the Interior, or expenditures by the Department are reimbursed by the Department of the Interior), is shown in Table I below.

A list of projects approved under the Wheeler-Case Act, and the allocation which have been made to each agency, is shown in Table II below.

The Bureau of Reclamation has submitted to us for investigation and report a list of 48 projects attached to Exhibit A, and it is anticipated that all of these will be investigated and reported on during the fiscal years 1942 and 1943. In addition, many other projects will no doubt be referred to the Department and receive consideration during these or later fiscal years.

EXHIBIT "A"

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UNITED STATES DEPARTMENT OF THE INTERIOR
Bureau of Reclamation
Washington

Office of the Commissioner

September 2, 1941

Mr. C. B. Baldwin
Administrator
Farm Security Administration
Department of Agriculture
Washington, D. C.
(Attention: Mr. E. G. Arnold)

Dear Mr. Baldwin:

For your convenience, there is attached a complete list of projects except those which have been approved by the President, which we have submitted to you at various times as proposals for investigation and possible construction under the Water Conservation and Utilization Act of August 11, 1939 (Wheeler-Case Act).

As provided by Section 2 of the Act, we have requested that you proceed with a preliminary investigation of the agricultural and economic phases of these projects as a basis for indicating the participation of the Department of Agriculture in their development and to assist us in preparing our reports and recommendations to the President.

The Bureau of Reclamation is carrying on investigations of proposed projects in numerous areas of the West. Many of these will result in recommendations for the construction of Water Conservation and Utilization projects (Wheeler-Case projects) and the Department of Agriculture will have a direct interest because of its responsibilities under the Wheeler-Case Act. We shall continue to submit such projects to you from time to time, and request that the Department of Agriculture participate and assist in their investigation. We should also appreciate it if you would investigate the economic and agricultural aspects of any other potential projects and refer them to us for inclusion in the Wheeler-Case program.

Very truly yours,

/s/ John C. Page
Commissioner

Enclosure 2942014

E159973 Sept. 3, 1941

PROPOSED WHEELER-CASE PROJECTS

Canby	Oregon
Malad Valley	Idaho
Medicine Lodge	Idaho
Kenton	Oklahoma
Balmorhea	Texas
No. Republican	Colorado & Nebraska
Silt	Colorado
Gooseberry	Utah
Paint Rock	Wyoming
Missoula Valley	Montana
La Plata	Colorado
Lyman	Wyoming
Missouri River	North and South Dakota
Crooked River	Oregon
Mohave	Nevada
Knife River	North Dakota
Fort Supply	Oklahoma
Owl Creek	Wyoming
Rathdrum Prairie	Idaho
Clear Creek	Oregon
Marsh	Montana
Sadie Flat	Montana
Joe's Valley	Utah
Silver C'k (Showlow)	Arizona
Council	Idaho
Norwood	Idaho
Sweetgrass	Montana
Cambridge	Nebraska
Heart River	North Dakota
Nasson	North Dakota
Seneschal	North Dakota
Pine Valley	Utah
Johnson Valley	Wyoming
Chevelon (Winslow)	Arizona
Collbran	Colorado
West Divide	Colorado
Williston	North Dakota
Beaver Creek	Oregon
Hickerson Park	Utah
Huerfano	Colorado
Cambridge Bench	Idaho
Lewiston Orchards	Idaho
Nesa Orchards	Idaho
Ash Creek	Utah
East Canyon	Utah
Moody	Utah
Sheridan	Wyoming
Vale	Oregon

TABLE I

U. S. DEPARTMENT OF AGRICULTURE

WATER CONSERVATION & UTILIZATION PROJECTS

Project	APPROPRIATED FUNDS			WPA or CCC ALLOCATION			TOTAL		
	Agr.	Int.	Total	Agr.	Int.	Total	Agr.	Int.	Total
Buffalo Rapids #2 Mont. (Rev.)	$225,000	$515,000	$740,000	$225,000	$875,000	$1,100,000	$450,000	$1,390,000	$1,840,000
Buford-Trenton N. D.	220,000	410,000	630,000	200,000	670,000	870,000	420,000	1,080,000	1,500,000
Rapid Valley * S. D.	25,000	55,000	80,000	-	100,000	100,000	25,000	155,000	180,000
Mirage Flats Nebraska	170,000	815,000	985,000	190,000	1,385,000	1,575,000	360,000	2,200,000	2,560,000
Buffalo Rapids #1 Montana	210,000	120,000	330,000	120,000	110,000	230,000	330,000	230,000	560,000
Bismarck Flats N. D.	120,000	130,000	250,000	120,000	220,000	340,000	240,000	350,000	590,000
Saco Divide Montana	350,000	235,000	585,000	130,000	360,000	490,000	480,000	595,000	1,075,000
Eden Valley Wyoming	200,000	885,000	1,085,000	225,000	502,000	727,000	425,000	1,387,000	1,812,000
TOTAL	1,520,000	3,165,000	4,685,000	1,210,000	4,222,000	5,432,000	2,730,000	7,387,000	10,117,000

* This project has been resubmitted and approved under the Wheeler-Case Act; the items shown here are partial expenditures, for this project.

Table II

WHEELER-CASE IRRIGATION PROJECTS

PROJECT	APPROPRIATED FUNDS			WPA or CCC ALLOCATIONS			TOTAL		
	Agr.	Int.	Total	Agr.	Int.	Total	Agr.	Int.	Total
Rapid Valley, S.D.*	$105,000	$1,045,000	$1,150,000	$40,000	$1,540,000	$1,580,000	$145,000	$2,585,000	$2,730,000
Newton, Utah	8,000	215,000	223,000	15,000	380,000	395,000	23,000	595,000	618,000
Mancos, Colorado	80,000	600,000	680,000	45,000	875,000	920,000	125,000	1,475,000	1,600,000
Angostura, S.D.	448,000	1,450,000	1,898,000	190,000	1,850,000	2,040,000	638,000	3,300,000	3,938,000
Mann Creek, Idaho	5,000	430,000	435,000	-	570,000	570,000	5,000	1,000,000	1,005,000
Totals	646,000	3,740,000	4,386,000	290,000	5,215,000	5,505,000	936,000	8,955,000	9,891,000

*This project also carries some funds allocated under the WCU appropriation, and the items shown are partial expenditures, for this project.